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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office
Volume 162 Number 4404
New York, N. Y., Thursday, July 19, 1945
Price 60 Cents a Copy

Silver and Inflation

By HERBERT M. BRATTER

Reported Use of Treasury's Silver for Issuance of Silver Certificates Seen as Inflationary Move. Silver Bloc Appeased for Support of Bretton Woods.

WASHINGTON, July 17.—A report attributed to Senator Abe Murdock (D., Utah) to the effect that President Truman and the Treasury Department have agreed to the issuance of silver certificates against idle Treasury silver. This is an inflationary process, sometimes known as coining the seigniorage, and recalls to this writer's mind the fact that President Truman, as head of the Truman Committee, had an investigation made by Mr. Lasker of his staff at the time when Treasury silver was being withheld from war uses, and the Office of Production Management (now the WPB) was asking for its use as vital to the defense effort. Those OPM requests, the Silver Senators railed against.

Herbert M. Bratter

Despite the fact that the OPM confirmed to the Truman Committee investigator the the urgent industrial need for the metal,

(Continued on page 325)

Index of Regular Features on page 328.

How to Get More Employment

By DONALD R. RICHBERG*

Prominent Attorney, in Analyzing the Post-War Labor Programs, Attacks the Folly of Demanding More Pay for Less Productive Work. Argues That a Rise in Wage Payments Not Accompanied by Increased Productivity Will Lead to Inflation, and Thus Will Not Benefit Workers. Urges That a Legal Obligation Be Imposed on Both Workers and Employers to Settle Controversies Peacefully and Denounces the Proposed Fair Employment Practice Act as the Most Disorganizing, Deteriorating Influence on Private Enterprise Ever Devised. Favors Hatch-Burton-Ball Bill Setting Up a Proposed Federal Industrial Relations Act.

There is an ancient prayer, "Dear Lord, save me from my friends and I will try to take care of my enemies myself"!

Several million hard-working men and women in the United States might wisely pray every night thus to be saved from some of the most vocal, aggresive, and professional friends of labor. A large number of these "friends of labor" are now engaged in promoting three reconversion and post-war programs which, if carried out, would insure less earnings, more unemployment, and more difficult

Donald R. Richberg

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*An address by Mr. Richberg at a dinner of the Rotary Club, Roanoke, Va., July 12, 1945. Mr. Richberg has been an Attorney for many labor organizations in lawsuits and arbitrations in the last 25 years. Co-author of the Railway Labor Act, the Anti-Injunction Act, the National Industrial Recovery Act, and the pending Federal Industrial Relations Bill.

(Continued on page 322)

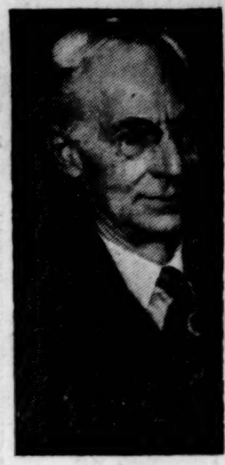
"Margin for Error"

FEDERAL RESERVE BOARD DELIVERS KNOCK-OUT BLOW TO SMALL BUSINESS

By A. M. SAKOLSKI

New F. R. B. Margin Requirements Fixing Collateral Loan to Value on Non-Member Specialists and Dealers at 75% of Market Value Besides Driving Many Firms Out of Business Will Handicap the Outside Market and Will Injure Financing of Small Business

In line with the fallacious policy of fighting inflation by handicapping transfer of capital and "freezing" investments, the Board of Governors of the Federal Reserve System on July 5 issued new margin regulations. which in effect, require among other things, dealers and specialists in unlisted securities to furnish collateral of not less than 75% of the market value on their borrowings from the banks. The regulation does not apply to recognized specialists who are members of a securities exchange. These may borrow on a 50% margin. **There is accordingly, a rank and unjust discrimination against small dealers who fill the important position in the securities market of creating and maintaining a market for local and unlisted securities.**


A. M. Sakolski

As in all lines of merchandising, dealers in securities cannot carry on a profitable business and cannot operate profitably with a modest capital, unless they borrow from banks. If driven to operate on their own capital and if deprived of normal credit facilities, they must, in order to make sufficient profit to warrant remaining in business either de-

(Continued on page 306)

The Food Problem

By HON. CLINTON P. ANDERSON*
Secretary of Agriculture

Asserting That He Has Recently Taken Over One of the Most Difficult Jobs of a Public Official, Secretary Anderson, Upholding Full Publicity Regarding Food Supplies, States That We Can't Feed the World and That the Demand for Certain Foods Exceeds Supply, but There Is Enough Nutritious Food for an Ample Diet. Denounces a Bare Shelf Policy and Fear of Surpluses, and Advocates Guarantee of Prices to Farmers. Sees Difficulties in Removing Subsidies and Decries Separating People Into Conflicting Groups, or Talking of Conflict Between Government and Business. Praises Work of Advertisers.

Mr. Chairman, Ladies and Gentlemen: In this audience there is probably the person responsible for the advertising campaign which is based on the theory that something can be wrong with a fellow and even his best friends won't tell him. Contrary to that assumption, my best friends all assure me that I have recently taken over one of the most difficult jobs an American public official has ever had to tackle. It touches the life of every man, woman and child in the nation, for it has to do with the production, preservation and distribution of the nation's food.

Clinton P. Anderson

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*An address by Mr. Anderson before the Advertising Federation of America, New York City, July 11, 1945.

(Continued on page 315)

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An Opportunity for Investment Brokers

By HON. FRED L. CRAWFORD*

U. S. Representative from Michigan

Congressman Crawford, Asserting That "Government Agencies or Legislative Forces That Stand in the Way of Ample Production Will Run Into Difficulties Through Economic and Social Chaos," Urges Investment Dealers to Educate the People About the Enterprise System and Get the People to Invest. Holds Those in the Business Are Best Equipped for This, and Recommends That Brokers and Dealers Consult Continuously With Legislators. Calls for Free Markets and Says That if People Fail to Invest in Private Enterprises "There Will Be Unemployment and Social Unrest."

I appreciate all that has been said today about my work in Congress and I hope that my conduct from here on may be such as to demand your respect and confidence.

F. L. Crawford

There are such things in this world as spiritual and moral forces, and I have such a high respect for our enterprise system, for the investors of this country who put their risk capital in it, for the commissionmen and brokers and exchanges, both stock and commodity, that I came up here today to get a little inspiration from the home front firing line. We members of Congress who sit in Washington, entirely dependent upon such information as you may give us from time to time, find it very necessary to get out into the field now and then, contact those who make the wheels go around, and get a clearer understanding of what the momentary situation is about. That is my object in coming here today.

It is the thrifty people of the United States who put their risk capital in American enterprise who provide the keystone, the foundation, which has led to the American industrial worker and pay-rollees having the tools in their hands with which to turn out the highest per capita production in the world. The ability of our pay-rollees to do this work is what is turning the wheels and

(Continued on page 320)

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*An address by Congressman Crawford before the Investors' Fairplay League, New York City, June 28, 1945.

Weiss, Work Co. to Be Formed in Cincinnati

J. S. Todd Opening Office

CINCINNATI, OHIO — As of Sept. 1st, James S. Todd will retire from the firm of J. S. Todd & Co., First National Bank Building, and the business will be continued by Willard C. Weiss and Joseph R. Work under the firm name of Weiss, Work & Co.

James S. Todd will open an office in the First National Bank Building, conducting an investment business under his own name.

Bretton Woods Dangers to Britain

By ROBERT BOOTHBY, M. P.

Member, Monetary Policy Committee (Great Britain)
Author of "The New Economy"

British Economist and Statesman, After Contending That the Restoration of the Gold Standard in England Following World War I Was the Cause of Economic Depression, Maintains That the Bretton Woods Agreements Will Again Mean Resort to Gold Standard by Great Britain. Says Agreements Will Prevent Great Britain From Entering Into Bilateral Agreements to Maintain Her Balance of Payments and Will Put an End to "Sterling Area" Essential to British Economy. Holds Effect Will Be to Hand Over Absolute Economic Power to the Creditor Nations of the World of Which U. S. Is the Foremost.

It is of vital importance that the British people should understand the great economic issues which now confront this country, and not be confused by the technical jargon in which so much of the current discussion about our future trade and monetary policy is dressed up.

Robert Boothby, M.P.

I am often asked these days what the Bretton Woods Agreement really means. Does it put us back on a gold standard? Does it prevent us from negotiating favorable trade agreements with other countries, including our own Dominions? Does it subject us to the economic power of the United States? Would it prevent us from achieving full employment and social security? In my view the answer to all these questions is in the affirmative. Let me try to explain, in simple language, why.

First of all, I would invite the reader to think of money not as something with an independent value of its own, but as nothing more than a convenient medium for exchanging real wealth, which consists of goods and services, and of measuring the value of these goods and services. It is, in fact, the oil which lubricates the trade of the world. It it not petrol, in the sense that, by itself, it cannot start or drive the wheels of production. But if there isn't enough of it, the machinery seizes up.

The second thing to remember about money is that it can be created out of nothing. For credit *is* money. And (to quote the words of the Macmillan Committee) "by granting loans, allowing money to be drawn on overdraft, or purchasing securities, a bank can create a credit in its books which is the equivalent of a deposit."

Must Be Kept Steady

The third thing to remember about money is that, if it is to ful-

(Continued on page 313)

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And It Came to Pass

Vote of NASD Member Firms on By-Law Amendments Proceeding. District Committee Chairmen Contacting Non-Voters Urging Ballots Be Cast and Attempting to Influence Result. Would Register Traders, Salesmen, Employees, Partners and Officers. Vast Cost of Such Plan a Problem of the Membership. Should Be Defeated.

As our readers are aware, in recent editorials we have opposed proposed amendments of the NASD by-laws under which the registration of salesmen, traders, partners, officers and other employees is contemplated.

Last week, we summarized a number of the grounds which actuated our opposition.

We inquired into the purposes of the Governors in circulating these proposed amendments, and voiced our displeasure with the absence of frank discussion and the failure to lay those purposes before member firms.

We thought the method used in circulating the ballot did not lend itself to secrecy.

Pointing out that the identity of those who voted would not be a secret, we expressed the fear that pressure would be brought to bear upon the non-voters.

It has come to pass!

We are in receipt of a communication from a Portland, Me., dealer in which he says:

> "Relative to your statement in the 'Chronicle' of June 28, 1945, 'However, this is certain, there will be no secret as to those who have not cast a ballot.' The enclosed notice proves you are correct as usual, and you will note that there is no secrecy as to who votes because the enclosed notice emanates from the chairman of a district committee and not the association's headquarters in Philadelphia."

With the above, there was enclosed a letter addressed "To Members of District 14" and signed by the Chairman of that District.

We quote in part from that letter:

> "On July 6 there had not been received in Philadelphia headquarters your ballot on the proposed amendment to the By-Laws and Rules of Fair Practice re registration of partners, officers, and certain employees of member firms. Your co-operation as a member of the Association in voting on this important proposal is earnestly requested in order that as full an expression of opinion as possible should be obtained."
>
> "If you have lost or misplaced your ballot and related material, please advise the Secretary promptly."

There has also come into our possession, a letter sent to the non-voters in the current poll who are attached to District

(Continued on page 319)

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The International Bank

By HON. ROBERT A. TAFT*

U. S. Senator from Ohio

Senator Taft, in Asking for a Postponement of Senate Consideration of the Bill for Approving the International Bank for Reconstruction and Development, Asserts That This Institution Involves a More Important Departure in American Economic Policy Than the International Monetary Fund. Holds That (1) Foreign Lending on Scale Contemplated Is Wasteful and Dangerous; (2) That It Has Little Relation to Permanent Peace, and (3) That a Large Scale Policy of Foreign Investment Even by Private Capital, Is Open to Serious Question. Says Foreign Trade Produced Solely by Credit Is Inflationary.

Robert A. Taft

The bill which provides for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development is assigned for consideration next week. I am speaking today to urge upon the Senate, its majority leader, and its members the desirability of postponing action on this bill, at least until we return from the recess. A new Secretary of State has just been appointed. The appointment of a new Secretary of the Treasury has just been announced. While it is true that these gentlemen have formally endorsed the Bretton Woods plans, I do not believe either of them has had time to consider the sweeping implications of the permanent financial policies we are asked to endorse. These two institutions are only fractions of the whole foreign economic policy of the United States. They should be fitted into broader plans, and particularly to the immediate needs of European governments growing out of the war.

Neither the International Fund

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*An address by Senator Taft in the United States Senate, July 12, 1945.

(Continued on page 324)

Calls for Clarification Of Terms to Japan

Senator Capehart Says Present Policy Is Prolonging War, May Promote Suicidal Unity of Japan and Cause Famine in That Land.

Homer E. Capehart

Senator Homer E. Capehart (R., Ind.) on July 12 addressed the Senate in explanation of the statements he had previously made regarding reports of peace feelers by the Japanese and called for publicity in this matter rather than keep the people "in the dark until advised of accomplished facts." He also urged that the peace terms be publicly clarified so as "to shorten the war, save many lives and create a more stable condition." The text of Senator Capehart's statement follows:

Mr. President, disclosures have now been made to the American people of such a nature as to impel me to ask the indulgence of the Senate while I discuss briefly a matter of grave importance to our nation.

Three weeks ago I made a public statement to the effect that I had received information that Japanese peace feelers had been made, which, if correctly reported to me, should be acceptable to us; and that our people should be given the facts as to any such proposals, if so made. I did not elaborate upon that brief statement. I did not think such elaboration necessary or proper at that time.

(Continued on page 310)

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approximate market	8.50 per share

(*) 25c dividend paid June 28, 1945
Statistical Report—Stock for Retail—Inquiries Invited

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Here Are Some More Expressions Regarding Competitive Bidding

In our issue of July 12, on page 188, there appeared the first group of the large volume of letters received in response to a request made previously for comments by readers on the subject of competitive bidding. The sole purpose in mind was to obtain the views of dealers in corporate securities as to how this method of marketing railroad and public utility issues had worked out in actual practice, now that the procedure has been in effect for some time. In asking for opinions, attention was called to the reported intentions of proponents of the auction bid principle to bring industrial offerings, along with rails and utilities, within its scope.

In giving herewith some more of the letters received on the subject, we wish to note that others already in hand will be given in subsequent issues and that we shall be pleased to receive the views of others who have not as yet acted on our suggestion. Communications should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York City 8, N. Y. **Naturally, in no instance will the identity of the correspondent be revealed if a request for anonymity is made.**

* * * *

R. W. COURTS
Courts & Co., Atlanta, Ga.

We have recognized there was some justice in competitive bidding for railroad and public utility securities. Operating results and earnings are available periodically on pretty much standardized forms and it is easily possible for any firm or firms to follow results. As to physical properties, bidders could always call for an engineering report. Therefore, competitive bidding might be considered practical, that bids would be based on condition of the money market, institutional buyers, etc., which information is generally available to prospective bidders.

The above conditions are not true in the industrial picture. Accounting practices are not standardized. There is wide divergence in operations and problems. Many companies by the nature of the business have larger inventories, larger accounts receivable, operations are much more sensitive to fluctuations both seasonal and for other reasons. Competition is terrific and therefore tremendous emphasis must be put upon management not only for ability but for ability in the particular enterprise in which they are engaged. The very nature of the business of industrial companies changes rapidly and some companies may change managements to meet the situations, others may not.

It is apparent to me that industrial companies need bankers that will work with them continually, knowing their pictures and problems and having the feel of their situations. If industrial companies were left at the mercy of competitive bidders, I would feel that they would be in a highly precarious position, and I am therefore very definitely against any law that would require such competitive bidding in financing industrial corporations. If any industrial corporation is so sound and good that it wants competitive bidding, all they have to do is to ask for it.

* * * *

A CHICAGO DEALER

I believe competitive bidding in connection with public utility and railroad securities has resulted in:

First. Increasing price of new offerings to the public.

Second. Reducing the profit to investment bankers to an unreasonable degree.

Anyone's opinion as to the results mentioned above depends, of course, upon his point of view. It seems to me that extra emphasis has been placed, and properly so, on protecting the investor who is placing new money in an enterprise. Clearly the new investor is not being benefited.

Competitive bidding for the high grade industrial issues would in my opinion show identical results.

(Continued on page 306)

BOSTON

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Capitalization
$450,000 mortgage note
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*Riverside Cement
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Private New York Telephone
REctor 2-5035

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BOSTON 9
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NSTA Notes

NSTA ADVERTISING NOTES

"40 WITH 8"

This week we feel congratulatory. We are over $6,000 gross on advertising for the "Chronicle's" NSTA Supplement, and it is our firm belief that we'll pass the mark of 1944 which, as you all know, was the high since 1939.

May we congratulate Hart Smith & Co., New York, for signing up for the back cover which is as you know, the largest ad obtainable in our supplement. Hart Smith & Co. are repeating their performance of last year We are also congratulating Ray P. Bernardi, our Detroit District Chairman, of Cray, McFawn & Co., for sending in five contracts, including some new accounts. This is grand, Ray, and we only regret that the ODT will not permit you to do some traveling for our National Advertising Committee.

KIM our slogan "40 with 8," and may it next week be "40 over 8."—Harold B. Smith, Chairman NSTA Advertising Committee, Collin, Norton & Co., New York, N. Y., A. W. Tryder, Vice-Chairman NSTA Advertising Committee, W. H. Newbold's Son & Co., Philadelphia.

Calendar of Coming Events

July 20, 1945—Twin City Bond Traders Club Annual Field Day at Midland Hills Country Club.

August 17, 1945—Bond Club of Denver Annual Frolic with Rocky Mountain Group of I. B. A. at Park Hill Country Club.

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

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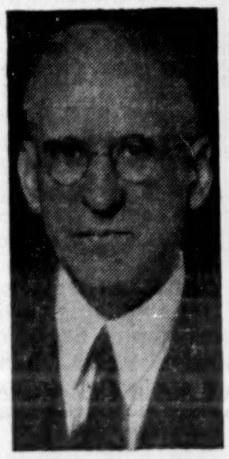
ESTABLISHED 1894
RHODES-HAVERTY BLDG. ATLANTA 1, GEORGIA
Teletype AT 288 Long Distance 108

Proposes a Post-War Transportation Survey

Representative Lea Sees Need of Remedies for Flaws in the National Transportation Policy. Says Nation Has Problem of Coordinating Different Types of Transportation With a View to the Public Interest.



Clarence F. Lea

Representative Clarence F. Lea (D., Cal.), Chairman of the House Committee on Interstate and Foreign Commerce, on July 12, introduced in the House of Representatives a resolution authorizing an investigation of the nation's transportation situation with particular reference to post-war problems.

The proposal, Rep. Lea stated, stems from a growing realization on the part of the Subcommittee on Transportation of the Committee on Interstate and Foreign Commerce, that in this field of industry we face a most perplexing and vital post-war problem. This realization, he said, is shared by the full committee.

In his remarks on the resolution, Mr. Lea stated:

"This problem is vital because transportation is the connecting link between our producing machine and the consuming public. Without adequate, economical transportation our whole economy can bog down no matter how much energy, wisdom and capital our industrial executives may put into the other phases of reconversion from a war economy to an economy of peace.

"Failure to provide legislative remedies for the flaws in our national transportation policy, which we all know are there, and failure to focus the thought of leaders in the transportation field upon their own responsibility, apart from legislation, in meeting their post-war problems, can prolong by many years the nation's period of reconversion to peace. Indeed, it can even throw our economy into chaos.

"In spite of the overwhelming importance of these problems, our planning to date for a national transportation system geared to a post-war United States, has been sporadic, haphazard and uncoordinated.

"I am fortunate, as Chairman of the Interstate and Foreign Commerce Committee, to have for this proposed inquiry a Subcommittee on Transportation of ability and experience. Through long service on the committee they have an intimate knowledge of the development of the problems with which we must deal.

"Aside from myself, who will serve as Chairman of the Subcommittee, our members are: Robert Crosser, Ohio; Alfred L. Bulwinkle, North Carolina; Lyle H. Boren, Oklahoma; J. Percy Priest, Tennessee; Oren Harris, Arkansas; George G. Sadowski, Michigan; Charles A. Wolverton, New Jer-

(Continued on page 318)

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F. P. Elwes Joins Albert Frank Agency

Frederick P. Elwes, formerly of Lehman Brothers and previously for ten years with the "Wall Street Journal" on the editorial staff, has become associated with Albert Frank-Guenther Law in New York as a member of the publicity staff. Mr. Elwes recently returned from three years of service in the A. U. S. Before joining the staff of the "Wall Street Journal" in 1920, Mr. Elwes attended Columbia University School of Journalism.

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Public Utility Securities

The New Columbia Gas Plan

The three plans already put forth for Columbia Gas & Electric's integration program (one official, and two tentative proposals by stockholder interests) have been superseded by a fourth plan, major details of which were released by the SEC last Friday. The managements of Columbia and of United Corporation, its principal stockholder, have agreed on the revised program, which may be summarized as follows:

(1) Columbia will sell to Cincinnati Gas & Electric for cash its investment in several small electric subsidiaries but will make a capital contribution of almost an equal amount. Another small subsidiary will be transferred to Dayton Power & Light.

(2) Following these corporate changes Cincinnati will refinance its bonds and preferred stock and steps will also be taken to improve Dayton's capital structure.

(3) Columbia will then sell its holdings of common stocks in the Cincinnati and Dayton companies, an initial offer being made to its own common stockholders.

(4) Columbia will sell $80-85,000,000 new debentures and its subsidiary United Fuel Gas will also sell some $25,000,000 bonds, repaying its book debt to Columbia with the proceeds.

(5) Using present treasury cash, proceeds of the Cincinnati-Dayton stock sales, and $110,000,000 or more to be realized by the two bond sales, Columbia will retire all its present debentures and preferred stocks.

Columbia's two issues of debenture 5s total (at call prices) about $79,000,000 and the three issues of preferred and preference stocks at their respective call prices aggregate nearly $120,000,000. To retire the five isues of bonds and stocks at call prices, together with incidental expenses, would require about $200,000,000. Columbia probably has at least $15,000,000 "free" cash in its own treasury and might realize some $110,000,000 from bond sales by itself and United Fuel Gas. This would indicate an estimated valuation for the Dayton and Cincinnati stocks of about $75,000,000.

In the twelve months ending March 31, 1945, Dayton, after paying $3,019,000 excess profits taxes, had a balance for common stock of $1,109,239; and Cincinnati after paying EPT of $2,755,765 had a balance for common of $1,891,982. If excess profits taxes were eliminated and the 40% income tax rate substituted, Dayton's earnings would be increased to about $2,600,000 and Cincinnati's to $3,270,000, or a total of $5,870,000. Refunding savings should substantially increase the earnings but on the other hand rate cuts, possible tax increases due to sale of electric properties, and revenue losses due to industrial reconversion might reduce earnings. Thus the two companies might have estimated post-war normal earnings of around $5,500,000 - $6,000,000. This tallies with the Stone & Webster estimate of about $5,600,000, obtainable indirectly from the table on page 7 of the original plan dated December 20, 1944. Sale of the stocks to average 15 times the estimated post-war earnings (the recent average for 50 electric, electric-gas stocks was 15.7) should therefore net around $75-$80,000,000.

The new plan appears much more likely to succeed than the old one, since it avoids the two issues as to valuation of total assets, and division of those assets between the three kinds of stock (preferred, preference and common). It is cleaner-cut and seems to conform to SEC standards as to capitalization. While there may be a slight increase in Columbia's parent company debt, this debt is not excessive in relation to assets and earnings. Gross corporate income, even after deducting income from electric companies, should remain adequate to cover fixed charges at least four times, it is estimated. On the other hand, consummation of the plan may involve considerably more delay than the original plan, since it will prove desirable to await post-war earnings gains resulting from the elimination of EPT before disposing of Dayton and Cincinnati equities.

The attitude of the recently-formed protective committee for common stockholders has not yet been indicated, but except for minor details the new plan seems to conform to the proposals made by the committee (represented by Alfred Berman of Guggenheimer, Untermyer & Marshall, as counsel).

While the preliminary outline of the plan is not specific, it appears likely that all the Columbia senior securities might be retired at call prices. They are currently selling as follows as compared with the redemption prices:

	Approx. Price	Call Price
Debenture 5s, 1952	105	102
Debenture 5s, 1961	106	103
6% preferred stock	104	110
5% preferred stock	102	105
Preference stock	91	100

(Continued on page 316)

American Gas & Power 3-5s & 3.6s 1953
Crescent Public Service 6s 1954
Portland Electric Power 6s 1950

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29 BROADWAY, NEW YORK 6, N. Y.

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Private Wires to Principal Offices

San Francisco — Santa Barbara
Monterey — Oakland — Sacramento
Fresno

Tomorrow's Markets Walter Whyte Says—

Current action presages dull July but active August market. British elections expected to furnish fuel for Wall Street talk.

By WALTER WHYTE

Fundamentals are one thing this writer likes to keep away from. It isn't that fundamentals are unimportant, they're not, but from a stock market viewpoint, particularly a technical viewpoint, the basic reasons or causes of changes in trends, or fluctuations, are indicated by action long before the reasons behind these actions have become known. Yet there are times when certain basic reasons must be discussed, even though the changes foreseen may never occur.

* * *

Since V-E Day there has been considerable talk about reconversion. Practically everybody agreed, and for that matter still agrees, that the motors will do a terrific amount of business while the plane manufacturers will die on the vine. Practically all the statistics one can get bear out

(Continued on page 318)

AFTER 3 YEARS OF RISING PRICES

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THE VALUE LINE

Investment Survey

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MOODY'S RATING BAA

Amount	*Maturities*	*Yields*
$51,000	Aug. & Nov. 1, 1945	.50 %
51,000	Feb. & May 1, 1946	.625
51,000	Aug. & Nov. 1, 1946	.75
51,000	Feb. & May 1, 1947	.875
51,000	Aug. & Nov. 1, 1947	1.00
51,000	Feb. & May 1, 1948	1.125
51,000	Aug. & Nov. 1, 1948	1.25
51,000	Feb. & May 1, 1949	1.375
51,000	Aug. & Nov. 1, 1949	1.50
51,000	Feb. & May 1, 1950	1.625
51,000	Aug. & Nov. 1, 1950	1.75
51,000	Feb. & May 1, 1951	1.875
51,000	Aug. & Nov. 1, 1951	2.00
51,000	Feb. & May 1, 1952	2.00
51,000	Aug. & Nov. 1, 1952	2.05
51,000	Feb. & May 1, 1953	2.05
51,000	Aug. & Nov. 1, 1953	2.10
51,000	Feb. & May 1, 1954	2.10
51,000	Aug. & Nov. 1, 1954	2.15
31,000	Feb. 1, 1955	2.15
31,000	Aug. 1, 1955	2.20
31,000	Feb. 1, 1956	2.20

The above were issued as receivers certificates prior to the reorganization of the Company.

A. M. Kidder & Co.
ESTABLISHED 1865
Members New York Stock Exchange
One Wall Street, New York 5, N. Y.

Eakin President of Cleveland Bond Club

CLEVELAND, OHIO—Paul J. Eakin, partner in Hornblower & Weeks, was elected President of the Bond Club of Cleveland at a meeting of the Board of Governors at the Mid Day Club, succeeding Herman Sheedy, of McDonald & Co. Mr. Eakin, who has been active in the affairs of the club, last year was Vice-President.

Walter B. Carleton, Fahey, Clark & Co., was elected Vice-President, and John Hay, of Merrill, Turben & Co., was named Treasurer. Rudford K. Wilson, Curtiss, House & Co., was reelected Secretary.

J. W. F. Potter Dead

J. W. Fuller Potter, a member of the New York Stock Exchange since 1904, died at Post Graduate Hospital after a long illness. Mr. Potter founded the brokerage firm of Potter & Co. in 1906. It was merged in 1931 with Munds & Winslow. In recent years he was associated with Laird, Bissell & Meeds, 120 Broadway, New York City.

Euper With Douglass

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Thomas J. Euper is with Nelson Douglass & Co., 510 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Euper was formerly with J. A. Hogle & Co. and Turner-Poindexter & Co.

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Railroad Securities

New York Central Common

Of all of the major Class I carriers, technical action of New York Central common has been most disappointing in the past six months, having been held down in part by the threat of D. & H. liquidation of its remaining sizable holdings. As of the last reported date, D. & H. held some 209,000 shares or approximately 3% of the total amount of stock outstanding.

Some of the reasons for the relatively unsatisfactory technical position, however, lie in several unfavorable fundamental factors besetting the Central. First, this carrier has considerable parallel mileage, together with rather heavy lease rentals. A case in point is that of the Boston & Albany which under normal conditions usually operates at a deficit. Second, New York Central has considerable branch mileage. Formerly a source of traffic strength, since branches acted as a feeder to main line traffic, today branch mileage is a source of weakness due to the element of truck competition. Third, New York Central has a substantial amount of passenger business, operating as it does a number of crack trains between New York and the two important western termini of Chicago and St. Louis. Under normal conditions, employing an ICC formula, this passenger traffic is carried at a loss. During the war period, because of the sizable increase in passenger traffic, it has been very profitable. Post-war, however, most of the war-generated passenger traffic will be lost and additionally its high class Pullman traffic will feel the effect of airplane competition between New York and Chicago as well as St. Louis. That portion of passenger traffic which is likely to be retained will probably be held on the rails at a considerable expense in the form of luxury services, by modernizing numerous antiquated station facilities and through the expenditure of many millions of dollars for new passenger equipment.

Lastly, the area primarily served by the Central, namely the industrial tier of states such as New York, Ohio, Indiana and Illinois has lost considerable industry to the South, Southwest and Pacific Coast. The recent decision of the ICC altering class rates to the disadvantage of the eastern carriers, will further accelerate this tendency.

Despite these elements of weakness—and they must be given their proper weight in evaluating the investment merit of New York Central equity—the outlook for this company over the next four to five years appears very bright. In the first place, it is generally conceded that the reconversion of the consumer goods industry will result in industrial activity at a rate hitherto not seen in the United States. Forecasts of 6 million automobiles per year for a period of five years, of a building boom, of 15 million radios, 3.8 million refrigerators, 2.7 million of washing machines, etc., are frequently heard. Obviously, if such estimates are realized New York Central's traffic will be very heavy for a period of years. Secondly, New York Central has taken advantage of the war period to build up its financial position to a state of virtual impregnability. Throughout 1931-1935 inclusive, New York Central had a working capital deficit of some $30 million. Even in 1938 working capital had been increased to only $15.7 million. However, by the end of 1944 working capital had been increased to $118.9 million, despite a reduction of funded debt of over $250 million, on a consolidated basis, from 1933. Effect of a reduction of debt of this magnitude is seen in the reduction of fixed charges from $62.8 million prior to the inauguration of the policy to $44.3 million currently.

The 1944 year-end working capital figure of $118.9 million is somewhat of an understatement in that New York Central had $35.5 million investments in emergency facilities currently being amortized on a five year basis. This is equivalent to $5.51 per share. At the conclusion of hostilities with Japan a minimum of at least 60% of this amount will be available to increase working capital through the medium of tax credits permissible under the Revenue Act of 1942.

New York Central's earnings have fluctuated widely during the past decade. During the 1930s numerous deficits were reported and even in the year 1936 only $1.79 per share was shown. However, gross and net revenues rose sharply during the war and earnings per share amounted to $7.61 in 1942, $9.73 in 1943 and $5.55 in 1944. Thus far in 1945, for the five months ending May 31, net railway operating income amounted to $22.4 million as against $26.3 million for the corresponding period a year ago. For the full year earnings should be in the neighborhood of $5 or thereabouts per share.

Some investors fear that were the war with Japan to cease suddenly New York Central's earnings would drop precipitously. It is true, of course, that gross revenues would contract but stockholders will definitely benefit from a sizable tax cushion. For instance, Federal income and excess profits taxes in 1943 amounted to $74.6 million and in 1944, $50.9 million. This cushion will result in the maintenance of earning power at a satisfactory level during the reconversion period at a minimum of approximately $3.50 per share and post-war, for a period of approximately five years during which the accumulated deferred demands of the war will be reflected in manufacturing activity at an unprecedented rate, earnings should average $5 per share.

There has been criticism in some quarters of New York Central's handling of its affairs. Several years ago when their junior debt was available at 40-50c on the dollar, the management, instead of concentrating on open

(Continued on page 312)

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Business Man's Bookshelf

Bank Liquidity and the War—Charles R. Whittlesey—National Bureau of Economic Research, 1819 Broadway, New York 23, N. Y.—paper—50c.

Bilateralism and the Future of International Trade—Howard S. Ellis—International Finance Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper.

England's Decadent International Economy—Dr. Wm. F. Hauhart—C. C. Nelson Publishing Company, Appleton, Wis.—board.

Incidence of Excess Profits Taxation, The—Marion Hamilton Gillim—Columbia University Press, New York City—cloth—$2.75.

Planning Neighborhood Shopping Centers—Purchasing Power as a Yardstick in Developing New Patterns for Commercial Centers—National Committee on Housing, Inc., 512 Fifth Avenue, New York 18, N. Y.—paper—$1.00.

Postwar Foreign Trade Employment and Sales Prospects in Ohio—Eugene Van Cleef—Bureau of Business Research, The Ohio State University, Columbus, Ohio—paper.

Publishing Industry, The—A study—E. W. Aexe & Co., Inc., 730 Fifth Avenue, New York City—paper—40c (free to public libraries and nonprofit institutions).

Survey of the New York City Market—Graphic information on purchasing power, population, housing, nature and extent of business activities, types of retail stores, mechanical refrigerator and central heating systems—Consolidated Edison Company, 4 Irving Place, New York 3, N. Y.

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HOTEL DRAKE CORPORATION

Plan to Install Bar and Cocktail Lounge Earnings Show Increase

We quote from a letter of the Corporation, dated July 3, 1945, to holders of First 5% Sinking Fund Bonds:

The Hotel Drake, which occupies an L-shaped plot on the northwest corner of 56th Street and Park Avenue, fronting 67 feet 1 inch on Park Avenue and 185 feet on 56th Street, was constructed when the Eighteenth Amendment to the United States Constitution, prohibiting the sale of liquor, was in effect. Consequently, it was not equipped with a public bar or cocktail lounge.

Since the reorganization of the Hotel Drake mortgage, the Board of Directors and also the Managing Agent (Bing & Bing, Inc.) have given continuous and careful study to the question of whether the addition of such facilities would add to the value of the hotel. The non-availability of funds for the construction of these new accommodations has been a factor in delaying the recommendation of their installation.

As a result of the studies which have been made, the Board of Directors and the Managing Agent unanimously join in recommending that there be now created in the Hotel Drake a bar and combination cocktail lounge and auxiliary dining room in the space presently occupied in part by the hotel lounge, which heretofore has been used for general purposes, special functions, and as a summer dining room, and in part by the space now occupied by the westerly dress shop, the lease of which expires Sept. 30, 1945. This will give the room a needed separate street entrance on 56th Street as well as an entrance from the hotel lobby. It is planned to install a semi-circular bar about 25 feet in length, entirely to change the decoration of the present room, including a new hung ceiling, new lighting effects, new retiring rooms, a coat room, added air conditioning, and all other items needed to provide a suitable addition to the facilities of the Hotel Drake in this connection.

It is believed by the Board of Directors and by the Managing Agent that the restaurant and bar business of the hotel can be considerably expanded by the addition of these increased and more attractive facilities; that the improvement will serve to publicize and popularize the Hotel Drake, and that it will produce a substantial additional income.

The operation of this room will not require any physical expansion of the kitchen facilities.

The cost of this capital improvement is estimated at $60,000. There is set aside in the capital improvement fund the sum of $20,486.36, but it is deemed undesirable to utilize any of this money so set aside in order to keep it in reserve for the making of needed structural changes in the living apartments as soon as permission therefor is obtainable from governmental agencies. Consequently, the whole of this sum of $60,000 should be payable from the net income of the Hotel Drake.

It is believed that the net income of the Hotel Drake for the six months beginning July 1, 1945 will be more than sufficient to cover the cost of this improvement and that even if the whole of such cost be charged against such six-months period, there will still remain some net income for said period to be distributed among the bondholders. The "net income" as defined in the indenture of the Hotel Drake for the six months ended Dec. 31, 1944 was $127,356.37 including a net real estate tax refund of $19,872.40. So far, the year 1945 has shown a substantial advance over the corresponding period of 1944. For the first four months of 1944 the "net income" of the Hotel Drake was $93,051.95, while for the first four months of 1945, the "net income" of the Hotel Drake is estimated at $120,400.

New Members of Board Of For'n Trade Council

Dr. Henry F. Grady, President of the American President Lines, San Francisco, Cal., and Charles A. Kirk, Vice-President of the International Business Machines Corp., Endicott, N. Y., have been elected members of the board of directors of the National Foreign Trade Council. Dr. Grady, formerly Assistant Secretary of State, is also Chairman of the Federal Reserve Bank of San Francisco. He served as Chief of the Economic Section, Allied Control Commission, Rome, Italy, and retired from that post in July, 1944. More recently, he was an associate of Eugene P. Thomas, President of the Council, as Consultant to the United States delegation at the San Francisco Conference. Mr. Kirk is a director of International Business Machines Corp.

Officers and members of the staff of the Council, as of July 6, 1945, are: Chairman of the Board, John Abbink; President, Eugene P. Thomas; Vice-President, William S. Swingle; Secretary, Robert A. Breen; Assistant Vice-President and Assistant Treasurer, Edward L. Behr, Jr.; Trade Adviser, John Quirk; Research Director, P. T. Hitchens, and Publicity Director, Fred D. Fremd.

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Coal and Textiles—Two most critical products essential to the rehabilitation of Europe—Descriptions available on a number of attractive securities of companies in these two and their related industries—Scherck, Richter Company, Landreth Building, St. Louis 2, Mo.

Current Events and the **Market**—in their Weekly Review—Sutro & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Market Comment—Whys and wherefores of rise in quotations over the last 3¼ years—Byfield & Co., 61 Broadway, New York 6, N. Y.

New York Bank Stocks—Quarterly comparison and analysis of 19 New York Bank Stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Pennsylvania Tax Free Common Stocks (on which dividends have been paid in each of the 16 years from 1929 to 1944—Harper & Turner, Inc., 1411 Walnut Street, Philadelphia 2, Pa.

Value Line Investment Survey—Four weeks' trial subscription will bring the Ratings on 200 stocks; reports on 50 special situations; the supervised account, and fortnightly letters—for only $5.00—write to C-4—The Value Line, 350 Madison Avenue, New York 7, N. Y.

Amalgamated Sugar—Late analysis—Edward L. Burton & Co., 160 South Main Street, Salt Lake City 1, Utah.

Also available is a current study of **Utah-Idaho Sugar.**

Atlanta & West Point Railroad—Circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Boston & Albany Railroad Impr. 4¼s, due 1978—Memorandum for dealers—O'Connell & Janareli, 120 Broadway, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Boston Wharf Co.—Descriptive circular—**du Pont, Homsey Co.,** Shawmut Bank Building, Boston 9, Mass.

Burton-Dixie Corporation—memonradum—Paul H. Davis & Co., 10 South La Salle Street, Chicago 3, Ill.

"C. P. R."—Links Canada with the Four Corners of the World—an eight-page pamphlet outlining the substantial financial improvement marking the operations of the C. P. R. over the past six years—Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, N. Y.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Electric & Gas Co. preferred and **Central Public Utility Corp.** Income 5½s of 1952—A study—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available a memorandum on **San Carlos Milling Co., Ltd.,** including a reprint of an article on prospects for those desiring an interesting speculative situation.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 111 Broadway, New York 6, N. Y.

Also available is a memorandum on **Gerber Products.**

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Empire District Electric—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pennsylvania.

Also available are memoranda on **Eastern Corp.** and **Metal & Thermit Corp.**

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report—**Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Girdler Corporation—descriptive circular—The Bankers Bond Co., Kentucky Home Life Building, Louisville 2, Ky.

Gro-Cord Rubber Company—Statistical memorandum on postwar outlook—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

H & B American Machine Preferred—Analysis—Allen & Company, 30 Broad Street, New York 4, N. Y.

Holophane Company, Inc.—Discussion of outlook for this manufacturer of scientific lighting—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Kingan Company—Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

(Continued on page 328)

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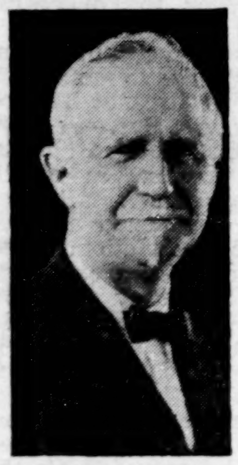
Post-War Warnings

Roger W. Babson Advises Parents of Service Men

BABSON PARK, MASS.—Too many returning service men want to go into business for themselves. This is a good sign of initiative, independence and enterprise; but let me warn such that starting a business of one's own is a serious and risky matter. Better buy into a going business; — if possible one in which one's family is now engaged.



Roger W. Babson

Pioneering Very Difficult

Pioneering is profitable when it succeeds, but such success requires patience, hard work and sacrifice. Besides, one should have sufficient capital to carry him through several years of struggle. It is believed that over 90% of the people starting new businesses fail. This statement applies not only to developing new kinds of business, but also to starting new factories or opening new stores in competition with existing factories and stores.

The great mass of people are actuated by their acquired habits. They tend to purchase at the same store, year in and year out, although other stores may give better service. They buy the same kind of food, shoes and household goods even though better products are in the market for less money. They read the same newspaper and magazines, making it very difficult for a new publication to get a foothold. Established habits make it especially hard for new concerns.

Need of More Education

Of course, there are enough exceptions to the above rule to bait on newcomers who try to do likewise. The few successful new firms, like the few winners in a lottery, keep people continually starting new businesses. I am strongly in favor of helping the small businessman who is already operating a small factory or retail store. But I do advise parents of returning veterans to warn their sons against trying to be pioneers unless they have great patience, good health and sufficient capital. Better buy an established business. But to succeed in any business a man should have a business education.

Therefore, returning service men should go to some school to learn the basic principles of business or else get a job which will enable them to learn such principles. It is a great mistake to go out into the post-war business world without first studying Economics, Accounting, Distribution and Production whether you are to have a business of your own some day, or are always to work for some one else.

Analyze Your Sons

Every returned service man should analyze himself and determine for what he is best fitted. Here are the six main groups: (1) The **Professions,** such as medicine, law and the ministry. (2) **Engineering,** including chemistry and electricity. (3) **Real Estate,** building and construction work. (4) **Agriculture,** forestry and horticulture. (5) **Manufacturing,** designing and assembling. (6) **Merchandising,** advertising and promotion. But to succeed under competitive post-war conditions, in any one of these groups, a man should have a year's education in business.

To help returning service men get such a business education the U. S. Government will give $500 per year for tuition and $50 a month for board and lodging, with perhaps certain additional aid for men with children. Certainly, every returning service man should jump at this chance. In years to come he will look back upon such **training** for business as the most valuable year of his life.

Play Safe

Just one more word to service men: Don't get hipped with the idea that you should go into electronics, plastics, aviation or some other "new glamorous industry." Don't go back on the old and established industries. Remember that of the 886 concerns which began to manufacture radios following World War I, only 144 now exist! Remember that for every one airplane sold during the post-war era there will be sold a million loaves of bread! Remember that since the days when our great, great, grandparents read by candle light, the humble candle has been subject to fierce competition by whale oil, kerosene, gaslight and electricity. Yet more candles were sold last year than in any previous year of our history!

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Heavy Cutbacks Due by Year's End

Although the defeat of Germany has not yet made much of a dent in the volume of war production, which is now running about 10% below the peak, by December such production will be about one-third less than the peak. This is the latest authoritative estimate. It is predicated, of course, on the continuance of the Japanese war through 1945.

In some items production already has been cut far more than the overall figure of 10%. The merchant-vessel program is nearing conclusion, and will be out of the way by the end of the year. Land-based bombers other than B-29s have been cut down very materially. The bomb program remains fairly high.

Navy cutbacks are taking place only very gradually, which is understandable, in view of the nature of the war in the Pacific.

The following facts about the military cutback program are taken from the July 16th issue of "Business Action," published weekly by the Chamber of Commerce of the United States:

The month in which V-E Day fell brought a $7.6 billion war production cutback, about half of which represented slashes in 1945 contracts and the remainder in 1946 schedules.

As of June 2, the total 1945 munitions program was about 13% less than the two-front war schedule of $60 billion on March 1. WPB officials estimate that by the end of 1945, the rate of munitions production will be 23 per cent lower than the current schedule.

Only superb government handling of employer-employee relations and a high degree of cooperation by management-labor groups can prevent greatly-increased labor difficulties.

Official government figures show that war contract cutbacks decided upon by military chieftains in May totalled $7.6 billion, with the Army Air Forces responsible for $4.3 billion, the Army Service Forces $3 billion and the Navy $332 million.

These figures led to total contract terminations of $5.1 billion in May, which compared with $1.8 billion in April. At the same time, the rate of contract settlement jumped to $1.7 billion from $800 million for each of the first three months of the year.

While the combined impact of airplane and automotive equipment cutbacks made Michigan the center of May reductions, the effects of the V-E Day readjustment have been felt over a wide area. Since the first of the year, WPB says about half of the gross monthly cuts in large prime contracts were made in only four states—Michigan (18%), California (11%), Illinois (10%) and New York (9%).

This year's war expenditures through July 11 were $2.431 billion, compared with $2.383 billion during the comparable 1944 period; receipts were $818 million compared with $747 million a year ago, and the year's net deficit was $2 billion, compared with $2.2 billion.

Syndicate of 135 Firms Offers Bethlehem Bonds

Public offering of a new issue of $75,000,000 consolidated mortgage 25-year sinking fund 3¾% bonds, series I. of Bethlehem Steel Corp. was made July 17 by a nationwide syndicate of 135 houses headed by Kuhn, Loeb & Co., Smith, Barney & Co., and Mellon Securities Corp. Other principal underwriters include Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; The First Boston Corp.; Union Securities Corp.; Goldman, Sachs & Co.; Hemphill, Noyes & Co.; A. G. Becker & Co., Inc.; Eastman, Dillon & Co.; Hornblower & Weeks, and Lee Higginson Corp.

The bonds are due July 15, 1970 and are priced at 100½% and accrued interest. A sinking fund is provided sufficient to retire on July 15, 1953, and on each July 15 thereafter, 2% of the total principal amount.

Proceeds from the present offering will be applied, together with other moneys to be supplied by Bethlehem Steel Co. (Pa.), a subsidiary, to the purchase or redemption on or before Oct. 1, 1945, of the $22,333,000 of consolidated mortgage 20-year sinking fund 3¼s, Series F; the $30,000,000 of consolidated mortgage 20-year sinking fund 3s, Series G, and the $40,000,000 of consolidated mortgage 25-year sinking fund 3¼s, Series H, outstanding with the public.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number ninety-six of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Question and Answer

We are asked ever so many times by readers of this little column, "Won't you please tell me just what's the best whiskey?" Of course, you're anticipating our answer but, begging your pardon, you're wrong.

Being biased, our natural response would be "Schenley's, of course," but that's not our answer. We believe that the fairest answer is one that is a combination of our own words plus those of E. C. Crocker, noted food chemist, who is the author of a book entitled FLAVOR, one in a series on food technology, published by McGraw-Hill Book Company, New York. Here is our complete answer:

> "*The best whiskey is the whiskey that tastes best to you.*" (Those are our words.)

And here are Mr. Crocker's:

> "*Whatever is pleasant is preferred over that which is less pleasant and is sure to be used more willingly . . .*"

Mr. Crocker's book is well worth reading and contains most interesting information for those who consider taste something besides just a five-letter word. We, who are engaged in a commercial enterprise committed to the belief that the consumer is really boss, are very much interested, too, in Mr. Crocker's statement in his introduction, which immediately follows the quotation above:

> "*Commercially this may mean the greater sale of one man's product over his competitor's for the same human need, altho the price for the product is the same and the advertising appeal is equal.*"

Now, there is really something fundamental. Thank you very much, Mr. Crocker, we learned a great deal from you about our taste buds' reaction to the every-day foods and beverages we eat and drink.

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Capital Securities Co. Formed in Oakland

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, CALIF. — Capital Securities Co. has been formed with offices at 29 Grand Avenue to engage in a securities business. Partners are Joseph E. Biallas, formerly with Waldron & Co., and E. C. Street.

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Here Are Some More Expressions Regarding Competitive Bidding

(Continued from page 300)

I would prefer that my name be kept confidential as it would add nothing beyond the opinion that one investment dealer is opposed to competitive bidding for industrial issues.

* * * *

W. A. HOLMAN

President, Jones, Holman & Co., Portland, Maine

Is competitive bidding good or bad? We recognize that conditions prevent dogmatic answers. Theoretically we would say yes, but actually we feel convinced that the large investment underwriting firms, in full possession of all the history and facts, having the financial ability to undertake large underwritings and retaining competent statistical and legal staffs represent something more important than mere competition.

After forty years experience we feel that these investment bankers have the means to assure Utility Companies of their ability to carry out and safeguard the various interests concerned.

On the whole we believe institutions and investors have been well served in the past and think we ought not lightly substitute theory for experience.

* * * *

ARTHUR L. WRIGHT

Arthur L. Wright & Co., Inc. Philadelphia

We are opposed to the principle and practice for many reasons, but specifically for two reasons:

1. We feel definitely, in the light of observation, that corporate securities are being offered at too high a price from our customers' welfare and point of view. Designed to some extent to protect the purchaser, actually it gives him securities at the very top price and many times well above for new securities.

2. The competitive bidding practice is actually forcing a large percentage of security dealers out of the distribution of new securities. The mechanics of securing a participation and then disposing of the securities is almost impossible to execute, unless the dealer feels financially and mentally able to participate in the original Underwriting Group.

This factor is perhaps unimportant now with so much money available for investment and with interest rates very low and perhaps going lower, but we feel in a different type of market, as we will eventually have, the distributing ability of say 5,000 smaller dealers could be important—almost essential—if we are to continue wide distribution of new securities.

We could expand this subject but we do feel the two reasons mentioned briefly above are the principal objections, so far as we are concerned. It is our experience, not a theory.

* * * *

A NEW YORK DEALER

While I do not feel that I am thoroughly conversant with this phase of financing nor do I understand the subject too well, I would like to give you my opinion and ask you not to reveal my name.

We have always tried to carry on our business on a competitive basis. We never entertained or made social contacts or bought business. It has proven its value to us in the past three years. We are doing very well with a limited amount of capital.

I recall one situation which I think might be worthy of relating to you. In the early twenties certain large industries were unable to collect their accounts payable from customers and in one industry there were several large units which went into receivership. There was one leader in this industry which did not go into bankruptcy because it was able to secure financial aid. Two very expert statisticians were unable to find a discrepancy of nine million dollars in the balance sheet of this company which had just financed for 30 million dollars at 7%. They both believed they knew the answer but did not state it. Rather, they wrote their opinions on a piece of paper and exchanged notes. They had both written that the discrepancy of nine million was the commission exacted by the bankers. It seems like a big price to have to pay in addition to a high coupon rate of 7%.

I feel that the officers and directors of a corporation should have the interest of all their security holders and employees in mind when in need of financing and therefore endeavors to get the best possible terms. It also permits the company to compete more economically in the national and world markets for business. Competitive bidding is essential when financing industries regardless of the type.

* * * *

ALLAN J. HENRY

Allan J. Henry & Co., Wilmington, Delaware

I believe that the banker or investment banker (whichever term is suitable in the present instance) should be in a position to serve an industrial corporation in much the same manner as does a bank. Under competitive bidding which would be apt to cause a change or changes in a corporation's banker, this would not seem to be possible. Moreover, I do not think that competitive bidding as a rule saves money for the corporations in the long run, and does not,

(Continued on page 309)

"Margin for Error"

(Continued from first page)

mand a wider profit margin in their transactions or be driven to acting merely as brokers in transactions. **If this situation occurs, there will not be adequate means of stabilizing the prices of many securities.** There will be no proper agencies for creating and maintaining a market, and small or local business concerns in need of financing or desiring to established an equity value for their capital issues will be handicapped to the nth degree.

A Hit at Free Enterprise

Nothing more damaging to business expansion and to the encouragement of independent business enterprise could hardly be conceived! At a time when New Deal and Administration statesmen are widely calling for "protection and encouragement to small business," and when Congress is passing or considering legislation to help small concerns in competing with large "monopolistic organizations," a leading agency of the Federal Government deals a knock-out blow to small and local corporations in need of capital, and thus stuns private initiative. **A more inconsistent and contradictory policy of business regulation could hardly be imagined!** It is like offering a child candy and at the same time tying its arms to its back and covering its mouth so it cannot reach it.

One has only to read the recently printed "Eighteenth" Report of the War Production Board to verify this. In this document, Chairman Krug stated:

"It is a fact of common knowledge that there is almost a complete absence of financial facilities for small business in the intermediate and long-term credit fields. Private investors have become security conscious and tax rates deter people of capital from risk investment. They do not invest in small business as they did 50 or 75 years ago.

"Very few small businessmen turn to the investment market. Those who do must flounder in a sea of trouble. The small man's name and financial record are unknown. The capital he requires doesn't justify the overhead cost of selling to the public. The general public is indifferent to small company securities.

"As a result only a very few smaller firms secure funds in this way. And when they do the cost of floating such securities averages from 15 to 20% of the total proceeds or about three to six times the cost to larger companies.

"This lack of intermediate and long-term financing facilities has been with us for a long time. It will be in evidence during the reconversion period, and just at the wrong time.

"Then small businessmen will need money badly and in a hurry.

"Some will need it to reconvert their plants to their former civilian lines. Many will wish to develop new processes started during the war. And in almost all instances the demand will be for intermediate and long-term financing.

"In this we must act now—this is a job of immediate importance since partial reconversion already is here."

Yet, in spite of all this, the Federal Reserve Board throws a wet blanket on the most available means of creating a capital market for small business concerns,—one that has existed for more than a century. It pulls the props from under the dealer in outside and local securities, while in its place, the War Production Board offers a milk and gruel plan of bureaucratic assistance in the form of Federal insurance of small business loans. What could be more effective in stifling free enterprise than requiring private business to curry the favor of a strait-jacket officialdom? Is not private banking already sufficiently hampered by the unfair competition of government agencies? Haven't we already enough of super-statism? Why burden the taxpayer with the risks that should fall upon individual investors?

Misdirected Motives

No one would really question the alleged motives of the new margin requirements or the proposals to curb inflation! But it has been pointed out time and again in editorial comment and in the spoken and written statements of economists and others, who are expected to know the facts as well as the scientific laws, that financial speculation is a result and not a cause of inflation and that in applying the Eccles curbs, the remedies are more harmful than the disease. (See paper of Emil Schram in the "Chronicle" of June 14, 1945; also article in issue of March 21, entitled "Tax Speculation and Stop Progress.")

When a patient's heart beats too fast, the physician does not prescribe something that will cause it to stop completely or to slow it down to a dangerous degree. He must study and determine in advance the effects of the remedy, not only on the organ affected by the disease but on the whole anatomy. This precaution has not been taken by the Federal Reserve Board in revamping its margin requirements. In order to roast the pig, it threatens to set the whole barn on fire.

Whether one of the motives of the new margin regulations is to drive all securities dealers into organized exchanges, or to require listing of all securities on an exchange, or to concentrate the securities into the hands of a few concerns having almost unlimited capital so as to monopolize the business, we are not in a position to know. **But, whatever the motives, the effect will be just that!** The specialists in outside securities and the small local dealers have performed a necessary and useful function. They have existed long before exchanges were created and they still serve business and investors in all localities throughout the land. It is they who come into personal contact with both buyers and sellers of securities, and when they act as an essential intermediary in the transfer of productive capital, they serve the public and the nation's progress. Their function is so important that it is approaching a professional standing. Moreover, since it is subjected to government regulations from several sources, its utility and importance should be recognized and maintained and not handicapped or destroyed under the guise of abating another evil, not directly connected with its legitimate activities.

The Effect on Small Business

Despite all the slobbering lip service regarding the need for encouraging risk or venture capital, we find that much of the legislation and "administrative decrees" relating to banking, finance, security trading and speculation has had the effect of discouraging the application of capital funds in small or local concerns as well as the public's investments in equity securities.

The Securities and Exchange Act, and the numerous restrictive rules promulgated thereunder, together with the Federal Reserve Board regulations and other similar administrative measures, in seeking to inhibit the excesses of "high finance" and popular participation in financial speculation, have tended to add to the burden of financing moderate-sized and local enterprises, rather than helping them to obtain funds

We have prepared a memorandum on

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for expansion by furnishing them adequate markets for their outstanding securities. Dealers in inactive and unlisted securities, particularly have been handicapped in carrying out their marketing function because of discrimination against them in the matter of obtaining bank loans on the security of issues handled by them as well as by onerous SEC and NASD regulations.

The Necessity of Bank Loans

The close relation of collateral-secured credit with business expansion is common in modern industrial countries, and has been a conspicuous feature of the American business economy. It was permitted under the old national banking system before 1913 and has been continued under the Federal Reserve System. Because of it, the commercial banks throughout the country have been enabled to carry large deposits with small cash reserves, maintaining their "liquidity" through the large amounts of securities which they hold, both directly and as collateral against loans. In this way, without assuming the risks of direct ownership in business enterprises — as has been common in European countries—the American banks have greatly contributed to growth of capital in productive enterprise, and in addition have assisted the private placement of idle funds. In fact, the bulk of the nation's banking business today—despite what has been said and done against it—comprises not the granting of so-called "self-liquidating" loans based on current exchange of goods and services, but consists in keeping the nation's productive wealth in a fluid and convertible state, so necessary to a psychological atmosphere of "liquidity preference."

If the steady growth of marketable securities as a form of bank assets is to be maintained and continued as in the past, there should be no legislation which would restrict banks from making sound and reasonable collateral loans to dealers who specialize and maintain a steady market in local or unlisted securities. They should, at least, be given the same terms in borrowing as the "floor specialist" who performs the same functions on the listed market as these dealers do in the unlisted market. What constitutes "sound collateral" and a safe loan margin is a matter to be largely determined by the trained judgment of individual bankers. It cannot be left entirely to the definition given in a general law or to a bureaucratic organization.

Unlisted Securities as Loan Collateral

It has been a false belief that only listed securities should qualify as collateral for loans, and that local or unlisted securities are not readily marketable. Experience has proven, however, that listed securities are not always the most readily marketable. Moreover, they are not always the most resistant to rapid and excited price declines. This is due in large part, to the greater factor of speculation in the pricing of listed or actively traded securities. These are apt, at times, to sell, relatively, more above their intrinsic value as investments than the local or inactive groups. Yet, under the new margin regulations, banks are required to demand the same 75% margin on unlisted securities held for resale by dealers as is demanded from the individual speculator in listed securities. This policy handicaps the financing of small or local enterprises and will drive out of business outside dealers. It tends to drive, (as stated above) the securities business into the hands of large houses and concentrate dealings in a few markets.

Handicaps of Over-the-Counter Dealers

Over-the-counter security dealers of all groups, both large and small, like many other business concerns, are certainly unjustly handicapped when they are required to do business without proper borrowing facilities and compelled to rely entirely on their own capital. Imagine, if you will, any wholesale or retail merchandising organization in these days that operates on a low profit turnover which does not require the aid of some form of current borrowing. Thus, grain and other commodity dealers, however large may be their capital resources, could not carry on their business at prevailing low-profit turnovers if they were denied the facility of borrowing on warehouse receipts or chattel mortgages as collateral. Loans secured by commodities in storage and on other inactive inventories have been long common in Europe. The practice may well be extended more widely in this country. Security dealers could maintain and stabilize their markets more readily and more effectively (which is one of their prime economic functions) if they were afforded proper facilities for obtaining loans at reasonable rates secured specifically by the merchandise they carry.

This does not mean that security dealers or brokers should be enabled to borrow without regard to the value or the liquidity of the collateral they offer. It is the essential responsibility of the banker to insist that the quality and the amount of the collateral be adequate. In commenting on this topic, the famous Macmillian Report to the British Parliament remarked: "American banks engage their issuing credit in the eyes of the public for the soundness of the issues they support, and this very fact leads, as it must always do, to a closer and more intimate association between banks and industry than where no such responsibility is assumed."

And, referring specifically to loans on collateral, the report adds: "The [American] banks lend either directly or through brokers very large amounts of money to investors and speculators against industrial securities of all kinds. The loans of this kind made by the reporting member banks are sometimes at least equal to the loans made direct by them to industry. For this reason all banks take a great interest in the stock market and in the industrial securities quoted there."

Why Discriminate?

Certainly the problem of affording wider scope to facilities for marketing unlisted and local securities is of great importance in the field of securities marketing. A security pledged by a dealer who sells over-the-counter should have the same consideration as when sold on an exchange floor, particularly when it has recognized intrinsic worth and when there are dealers or brokers who make a market for it. If this situation could be accomplished, it would greatly assist the financing of local and medium sized concerns. It would, moreover, expand the field of public investments and would disperse the areas of security marketing throughout the land instead of confining it to a few large metropolitan markets.

As already stated above, the banker's trained judgment should be sufficient, without unwarranted government-imposed restrictions, to execute his responsibility in selecting and appraising collateral. The American banker should not be a mere "rubber stamp" or a "rule-of-thumb" executive. Yet, in no other country in the civilized world have so many laws been passed which place the judgment of bankers in a strait-jacket as in the United States.

Taking into consideration the banking experiences over the last half century in the different countries, one may well doubt whether these laws have not been more detrimental than effective. Certainly, bank solvency in the United States has not been more conspicuous than in France and Great Britain, where restrictive banking legislation is much more liberal, and less onerous, and where more opportunities are given bank executives to exercise the responsibilities for their personal judgments.

The so-called "legitimate" investor is likely to suffer the detrimental effect of the restrictions placed on collateral borrowing of dealers in local and inactive securities. Such securities are acceptable as collateral by local banks only when over-the-counter dealers furnish a continuous market for them. The availability of securities as bank collateral is as important in many cases to investors in inactive securities sold over-the-counter as to the holders of stocks and bonds listed on security exchange. So it would greatly assist the financing of small business concerns, if their securities were given liberal loan collateral facilities. But this can be accomplished only when there are dealers who are willing at all times to make bids for such securities, and the banks can place reliance on the bids. A security will maintain a price in the open market only when there are buyers on hand always ready to take up offerings at a quoted price. If this condition does not exist, then holders can obtain buyers only by drastic price concessions and may find themselves unable to liquidate at all.

Now, if dealers, whether specialists or not, because of "borrowing" restrictions, find it unprofitable or too risky to make a market for inactive securities or who cannot afford to tie up their cash resources in inventory, small business concerns as well as the holders of their securities will be further handicapped in the struggle to obtain funds in the capital market.

The "Chronicle" invites comments on the views expressed by Dr. Sakolski in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York (8), N. Y.

Re-elect Executives of Chicago S. E.

At the annual meeting, July 12, of the Chicago Stock Clearing Corporation, wholly owned subsidiary of the Chicago Stock Exchange, the following were re-elected as members of the Board of Directors: Raymond H. Becker, Frank J. Buckholtz, Anthony L. Godie, Ernest O. Lauschke, Herbert Levy, Arthur G. Lilly, Kenneth L. Smith and Henry Wolbrink.

At the first meeting of the board, the following officers were re-elected: Kenneth L. Smith, President; Harold I. Kramer, Vice-President and General Manager; Martin E. Nelson, Secretary, Walter R. Hawes, Treasurer, and Evelynne Tortorell, Assistant Treasurer and Assistant Manager.

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Michigan Brevities

Top piece of news in the banking industry was the entrance of the National Bank of Detroit—Detroit's only billion dollar institution—into the small loan or personal loan field.

The new department is under Richard Mange, Assistant Vice-President, and the bank christened the new service "Instaloans."

In addition, the bank has just announced that its earnings in the first six months of the current year amounted to $2,138,594, after reserves and preferred dividend accrual, equal to $1.71 a share on the 1,250,000 shares. Earnings in the first half of 1944 amounted to $2,116,804.

* * *

F. L. Jacobs Company, manufacturer of automotive parts, has notified the SEC of a plan which is to be submitted to holders to issue $5,000,000 in preferred stock and to increase common shares from 750,000 to 1,000,000.

The proposed preferred shares will be 5%, $50 par cumulative convertible. President Rex C. Jacobs said that proceeds would be used to pay off the company's $5,000,000 V loan.

* * *

A record attendance was reported for the annual summer golf outing of the Bond Club of Detroit last week, which was held at the Orchard Lake Country Club, more than 30 miles from Detroit.

* * *

The Commonwealth Bank declared a semi-annual dividend of $2.50 a share on its common stock, an increase of 50 cents which brings the annual rate to $5 from the $4 previously paid.

* * *

Confirmation of the oft-rumored Atlas Corporation purchase of Willys Overland stock came as something of an anti-climax in Detroit.

Gossip on Griswold Street has been that the deal would cover the purchase of 300,000 shares of Ward Canaday's stock at a reputed price of more than $7,000,000.

Although no details were revealed, later reports were that outright purchase covered only 100,000 shares and that there was an additional option involved.

Latest gossip is that Willys is signing up a top Detroit automobile sales-manager — with Don Bathrick of Pontiac most frequently mentioned. Meanwhile newspapermen and brokers from all over the country assembled at President Charles Sorenson's farm this week (July 17) to see the Agrijeep put through its paces.

* * *

Detroiters are watching for the next General Motors earnings statement with added interest because it is anticipated that it will include the profit on the recent sale of GM's remaining block of 509,550 shares of National Bank of Detroit stock for approximately $20,000,000.

* * *

Many Michigan companies received a rude awakening when they learned the effect of the recent revision of the Michigan Unemployment Compensation law.

Companies who let their reserve funds fall below 5% of their annual average payroll found that their assessment was increased from 1 to 3%—retroactive to Jan. 1.

In the case of one small firm which had a $400 "shortage," the added cost in a year is estimated at $5,400 while one of Michigan's largest corporation is expected to have to pay in $3,000,000 extra.

* * *

Michigan's Seventh War Loan "corporations" quota of $168,000,000 and the "individuals other than E" quota of $107,000,000 were oversubscribed, with total subscriptions of $408,423,000 and $125,832,000, or 243% and 118%, respectively, Walter S. McLucas, Chairman of the Banking Division, announced.

For Wayne County the quotas were "corporations" — $109,258,000, "individuals other than E"—$55,603,000 and the totals subscribed were $245,666,000 and $71,193,418, or 225% and 128%, respectively, he said.

"This outstanding achievement is a direct reflection of the enthusiasm and the unremitting work of the sales forces through-out the state, drawn from the ranks of business, industry, finance, and the professions. Corporations, churches, clubs, unions, credit unions, and units of government united to put the corporations quota over the top. And more individuals than ever before bought the issues other than E, which was one of the important objectives of the drive," McLucas stated.

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Personnel Items

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, O. — **Edwin C. Budde** is with **Merrill Lynch, Pierce, Fenner & Beane,** 330 Walnut Street.

(Special to THE FINANCIAL CHRONICLE)

FRESNO, CALIF. — **Ellsworth H. Dickson** has been added to the staff of **Walston, Hoffman & Goodwin,** Bank of America Building.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, CONN.—**Charles W. Dickerman, Jr.,** has become associated with **Kennedy-Peterson, Inc.,** 75 Pearl Street. Mr. Dickerman was previously with Robert C. Buell & Co.

(Special to THE FINANCIAL CHRONICLE)

INDIANAPOLIS, IND.—**Joseph A. Shea** is with **Merrill Lynch, Pierce, Fenner & Beane,** Fletcher Trust Building.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Julius Cooklin, John Dorman, Jr.** and **Robert W. Torney** are now affiliated with **E. F. Hutton & Co.,** 623 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — **George L. Parr,** formerly with Nelson Douglass & Co., and Mernice Tate have joined the staff of **Lester & Co.,** 621 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — **Bernhard Oulie** has become connected with **Pacific Company of California,** 623 South Hope Street. He was previously with Wm. Cavalier & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**James A. Landregan** has become associated with **First California Company,** 300 Montgomery Street. Mr. Landregan was formerly with Walston, Hoffman & Goodwin, H. R. Baker & Co. and Franklin Wulff & Co., Inc.

With Ames, Emerich

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Harold W. S. Walters has joined the staff of Ames, Emerich & Co., Inc., 105 South La Salle Street. Mr. Walters has recently been serving in the Army Air Forces. In the past he was with Midland Securities Company, and Bejamin Lewis & Co.

Connecticut Brevities

The Connecticult Light & Power Company has estimated that during the next five years it will expend some $22,000,000 for additional electric generating units, generating unit replacements, additions to transmission and distribution system facilities, and equipment rehabilitation. It is expected that this outlay can be financed without raising additional capital. The execution of this program is dependent upon the procurement of necessary materials and the time required to erect the new power plant units.

Plans call for the construction of an additional 45,000 kw. high pressure steam unit at Devon and the replacement of two 10,000 kw. low pressure units at the Montville plant with a new 31,250 kw. high pressure steam unit.

A new 69,000-volt transmission line will be erected from the Southington substation to Bristol which will supply power for the Bristol load. Completion of this project will terminate the present contract with the Connecticut Power Company.

In addition, a new 115,000-volt line will be constructed from Devon to a junction point with the Southington-Montville line.

For the 12 months ended May 31, 1945, the company reported net earnings of $2.73 a share on the common stock against $2.53 for the preceding 12 months. Fixed charges for the same periods were covered 3.70 times and 3.13 times.

* * *

Jesse W. Randall, formerly Vice-President in charge of compensation, liability, and automobile business, has been elected President of the Travelers Insurance Company, and Francis W. Cole, formerly Vice-President and General Counsel, has been elected Chairman of the Board. These men replace the late L. Edmund Zacher who performed duties of both President and Chairman of the Board.

Gladden W. Baker, Vice-President and Treasurer, has been elected a director of the company.

* * *

Fuller Brush Company of Hartford has issued a mandatory call to preferred stockholders to turn in their shares by Oct. 1. The stock will be redeemed at $100 and dividends of $1.75.

* * *

The six months' indicated earnings to June 30 of four Hartford banks follow:

	1945	1944
First National Bank	*$8.98	*$4.12
Hartford-Connecticut Tr. Co.	4.12	3.36
Hartford Nat. Bk. & Tr. Co.	†*1.10	*1.10
Phoenix State Bank & Trust	13.10	14.57

†Operating earnings, $1.32.

*Excluding write-off of banking premises as follows:

	1945	1944
First National Bank	$2.18	$4.35
Hartford Nat. Bk. & Tr. Co.	.25	.19

* * *

Comparative book value of three Hartford banks follow:

	June30, 1945	Dec 31, 1944
Hartford-Connecticut Trust	$51.39	$48.77
Hartford Nat. Bank & Trust	23.64	23.05
Phoenix State Bk. & Tr. Co.	287.91	279.81

The income account of the Bridgeport Gas Light Company for the year ended Dec. 31, 1944, showed earnings per share of $1.46 on the common stock against $1.48 per share in 1943. Fixed charges were covered 4.62 times against 4.75 times for the preceding year.

* * *

The stockholders of the North & Judd Manufacturing Company have approved a profit-sharing pension plan for employees having 25 years service.

* * *

The consolidated income account of Veeder-Root, Inc., for the year ended Dec. 31, 1944, showed net sales of $13,833,547 against $15,370,222 for the preceding year, leaving net income of $712,005 and $858,359, respectively. Earnings per share on the capital stock including post war refund were $3.56 in 1944 and $4.29 in 1943. Excluding this refund, earnings were $2.75 and $2.93, respectively.

* * *

For the six months ended June 30, Underwood Corporation had a consolidated net profit of $963,513 which compared with $956,080 for the corresponding period in 1944. On a per share basis, earnings for these periods were $1.31 and $1.30, respectively.

Bausch & Lomb Issues Offered

Stone & Webster and Blodget, Inc. headed a group of underwriters that offered July 17 50,000 shares of Bausch & Lomb Optical Co. 4% Cumulative Preferred stock (par $100) at $104 per share and accrued dividends, and 152,500 shares of Common stock (par $10) at $23 per share, subject in part to exchange and subscription offers to present stockholders of the Company.

Holders of Bausch & Lomb's outstanding 47,318 shares of 5% Cumulative Convertible Preferred may exchange their holdings, on a share for share basis, with cash adjustments, for the new preferred. Present stockholders may also subscribe for an aggregate of 152,500 shares of common, at $20 per share, on the basis of one share of common for each share of old preferred, and one share of common for each four shares of common held. Both the exchange and subscription offers expire July 31, 1945.

Net proceeds from the sale of the common will be added to working capital. Proceeds from the sale of new preferred shares not taken under the exchange offer will be applied toward the redemption at $105, of any old preferred shares outstanding after July 31. Outstanding capitalization after this financing will consist of the new preferred, and 573,228 shares of common. The new preferred is redeemable at prices ranging from $107.50 before July 1, 1948 to $104 on and after July 1, 1954.

Ensign Geo. King Cited

DETROIT, MICH.—Cyrus King, resident partner of Merrill Lynch, Pierce, Fenner and Beane, Buhl Building, has been notified that his son, Ensign George King, has received a battle citation for duties in the Pacific theatre. King's eldest son, Captain William King. U. S. M. C., received a similar citation some months ago.

TRADING MARKETS:
Commerce Trust Co. Pickering Lumber Corp.
Long-Bell Lumber Co. Western Lt. & Tel. Co.
Central Coal & Coke Corp.

Private Wire Connections To:
NEW YORK ST. LOUIS CHICAGO

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Bell Teletype — KC 385
Phone—Harrison 2090
Trading Department
Bell Teletype — KC 472-3
Phone—Harrison 6432

Here Are Some More Expressions Regarding Competitive Bidding

(Continued from page 306)

generally speaking, make for a good market in the underwritten security.

These are some of the reasons that occur to me that seem to warrant opposition to competitive bidding. No doubt there are many other arguments against it.

* * * *

A CHICAGO DEALER

Many years of experience in the business has taught us that desirable investment banking contacts are as much to be sought after as contacts with your own plumber, doctor, grocer, etc. We do not consider it economically sound to have competitive bidding because in many cases it brings into the picture bankers who have had no experience or contact with the respective railroad, utility or inndustrial companies mentioned and as we view it many times of late it has caused investment banking houses who have never had contact with the company before to over bid their competitors, thus forcing them to sell the securities for more money than what they are actually worth.

* * * *

A BOSTON DEALER

Speaking from the point of view of the dealer who is interested in new issues as a member of a retail selling group, competitive bidding has worked out very much to our disadvantage.

The ramifications are so great from all directions that we hesitate to go into detail, but in a few words, we are pressed and crowded as to the time element; profits are so small, and the cream of the market is in most cases limited by direct participation of large buyers, and of course where the large buyers bid for the entire issue we are entirely eliminated.

But even where bonds are left over of the less desirable issues and there is an opportunity of participation the profit is so small and the number of bonds to the extent of our participation is so small that competitive bidding has almost totally eliminated our interest in new issues.

Competitive bidding for industrial issues would not work any less to our advantage in public utilities and railroads.

There will unquestionably come a time when both issuers and banking syndicates will not be able to do without the services of a small retail distributor ordinarily included in the selling group who goes out and combs the bushes for orders. Those who wish to stay solvent will not do this work at a loss. The labor should be worthy of its hire.

* * * *

H. P. CARVER

H. P. Carver Corporation, Boston, Mass.

I myself, am opposed to competitive bidding knowing that there is a very intricate balance between supply and demand in the market.

Brokers as a whole, operating as they do as middlemen, have been put in a position to try to gain a fair price both for the client, who is the ultimate purchaser of securities and the seller, who is generally a large corporation.

Competitive bidding puts the seller in a position today of having wares for sale which are scarce, but in no form of measurement. Therefore, he is able to obtain a far higher price than is probably fair to the ultimate purchaser.

In other words, the buyer today is not being protected by the regulations of competitive bidding. He is being forced to pay probably more than the market will bear.

Questions of price are always difficult when the transaction takes place almost immediately, as it does in buying and selling securities through a broker. It seems to me that the former method of bearing in mind both positions, that is that of the seller and the buyer was more satisfactory than competitive bidding.

* * * *

A KANSAS CITY, MO., DEALER

When lenders **compete** with other lenders, many **lemons** are sold as oranges.

Herbert F. Schroeder Opening Own Inv. Firm

Herbert F. Schroeder is forming H. F. Schroeder & Co. with offices at 115 Broadway, New York City, to act as dealers and brokers in railroad, public utility and industrial bonds and stocks. Mr. Schroeder was formerly assistant manager of the Bond Department of Clark, Dodge & Co., New York, and more recently was corporate bond trader for Blair & Co.

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Missouri Brevities

St. Louis National Stockyards Rate Rehearing

John J. Curry, Examiner for the U. S. Department of Agriculture, has been holding hearing in St. Louis regarding the reasonableness of rates charged by the St. Louis National Stockyards. This is an outgrowth of an order issued Dec. 7, 1943, whereby rates were drastically reduced. This order was not made final and, pending further hearings, the difference between the old rates and the new rates has been impounded and now amounts to about $900,000. The capital stock of the company has recently recovered sharply from the low of 27½, established shortly after the Department of Agriculture order was issued, and is now selling around 39.

Hyde Park Breweries Stock Split

A special meeting of the stockholders of Hyde Park Breweries Association, Inc., will be held on Aug. 31, 1945, to act on a proposal to amend the Company's Articles of Association so as to increase its authorized capital shares from 200,000 shares of $10 par value to 500,000 shares of $4 par value and to provide for the issuance of 2½ shares of new for each share of old. Stock reached an all-time high of 65 on the St. Louis Stock Exchange following the announcement.

Annual report for the year ended March 31, 1945, showed a net profit of $481,805, or $4.82 per share, compared with $522,866 and $5.23 per share in the preceding year. Balance sheet as of March 31, 1945, shows current assets of $1,762,995, including $983,961 cash and governments, compared with current liabilities of $403,572. Company has no funded debt, preferred stock or bank loans outstanding.

Security Traders Club

The Security Traders Club of St. Louis is holding its annual summer party today (July 19) at Seibert's Grove. Entertainment includes several red-hot horseshoe, corkball, and softball games in addition to the activities which are conducted on top of the tables.

St. Louis Bank Appointments

United Bank & Trust Company has elected **John W. Minton, President,** and **Carroll F. Burton, Vice-President.** They were formerly officers of the National Stockyards National Bank, Minton having been with that institution 30 years and Burton 20 years.

Mercantile - Commerce Bank & Trust has appointed **Stanley Fletcher** and **Edward E. Marshall, Assistant Vice-Presidents; Victor F. Moeller, Assistant Trust Officer; George C. Eschbacher, Assistant Secretary; John J. Lackey, Assistant Manager of the Insurance Department.**

First National Bank in St. Louis has appointed **Mack A. Aldrich** and **Meredith C. Jones, Vice-Presidents.** Aldrich has been with the bank many years. Jones has been engaged in the investment banking business with Bitting, Jones & Co., Inc.

International Shoe Net Declines

International Shoe Company net income for the six months ended May 31 amounted to $2,966,749, or 88 cents per share compared with $3,106,250, or 92 cents per share in the like period of 1944. Net sales were $79,390,395 compared with $76,814,804. Profit decline resulted from narrowed margins under OPA ceiling prices and rising costs.

Hesse With Newhard Cook

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, MO. — Joseph C. Hesse has become associated with Newhard, Cook & Company, 400 Olive Street, members of the New York and St. Louis Stock Exchanges, and other exchanges. Mr. Hesse in the past was with Francis, Bro. & Co. for many years.

Active Markets in
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**Statistical Information on Request*

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Merrill Lynch Firm Sponsors Newscast

Beginning July 13th, the investment firm of Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange, is sponsoring a 15-minute news commentary over Station WOR, New York.

The program features Paul Schubert from 6 to 6:15 p.m., Monday through Friday, and is scheduled to continue for an indefinite period.

The program will include an interesting 3-minute discussion of daily stock market trends and closing market prices of a list of selected securities.

The account is handled through Albert Frank-Guenther Law, Inc.

H. J. Bird & Co. in Vancouver, Canada

VANCOUVER, B. C., CANADA —H. J. Bird & Company is engaging in the investment business from offices in the Standard Bank Building. The firm deals in Canadian Government and corporation bonds and industrial stocks.

Henry James Bird is the sole partner. Mr. Bird since 1941 has been on active service with the Royal Canadian Air Force. He was formerly a partner in Bird & Taling Limited.

Associated with the firm is Thomas D. McMurray, formerly of Jackson Bros., Grain Company in Winnipeg.

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BANKERS TRUST COMPANY
16 WALL STREET, NEW YORK

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market is once again dominated by the need for income which has resulted in the banks and other institutions being large buyers of the longer term high coupon obligations. . . . Much of the activity and price betterment has taken place in the securities maturing from 1956 on. . . . The market leaders have been the restricted 2¼s due 1956/59, and the bank eligible 2½s due 1956/58, both of which made new tops by a sizeable margin. . . .

Substantial improvement has taken place in all of the restricted issues, with the 2½s due 62/67, the 2½s due 63/68, and the 2½s of June and December 64/69 moving into new high territory. . . . The 2½s due 65/70 and the 2½s due 66/71 were in demand not far from their best levels of the year. . . .

The new issues, the 2¼s due 1959/62 and the 2½s due 6/15/67/72 were at their tops, since trading started in them on July 2nd. . . .

MARKET OPINION

The 1½s due 1950 seem to be well taken at present levels. . . . Some demand has been appearing for the 2s, although these bonds have moved away from their highs due to selling by institutional investors, who have been reinvesting the proceeds in the restricted issues. . . .

Some market followers put forth the opinion that the 2s due 9/15/50/52 and the 2s due 9/15/51/53 are cheap at these prices and are recommending their purchases instead of the 1½s due 1950. . . .

They point out that the selling of these 2s by the institutional holders, gives the banks an opportunity to acquire these bonds, without bidding up prices. . . . The longer maturities of the 2s are also considered attractive at present levels. . . .

LONG 2½s HIGHLY RATED

The 2½s due 9/15/67/72, have been well bought and despite selling by institutional holders have moved ahead from the lows of last week. . . . This obligation is considered the most attractive issue for commercial banks with savings deposits. . . . It is the only bond eligible for commercial banks which presently yields more than 2%. . . .

Accordingly, for appreciation and income the 2½s due 9/15/67/72 are recommended for purchase at these prices. . . .

SUGGESTED SWITCH

The sale of the 2½s due 1952/54, and the 2½s due 1956/58, at present levels with the proceeds reinvested in the longest bank eligible 2½s is being advised in certain quarters. . . . It was pointed out that the appreciation possibilities in the 2½s due 1952/54 and the 2½s due 1956/58, from present levels, will probably not be much more than ⅞s and ¾s respectively. . . . One the other hand it is indicated that the 2½s due 9/15/67/72, under similar conditions, could move up in excess of 1⅝ points. . . .

For non-bank investors the 2¼s due 1956/59 still look attractive despite their recent price advance. . . .

EXEMPTS VS. TAXABLES

The partially exempt obligations have been steady, with only minor price changes, although the longest maturities of this group appear to be underpriced when compared with the taxable issues. . . . The following study shows the position of the partially exempts, as compared with the taxable bonds:

Security	Recent Price Bid—Offer	Yield to Call Date	Tax Free Yield
*2⅞% due 3/15/55/60	113.29—113.31	1.33%	1.12%
2½% due 3/15/56/58	107.16—107.18	1.72%	1.03%
*2¾% due 9/15/56/59	113.19—113.21	1.42%	1.19%
(r)2¼% due 9/15/56/59	104.13—104.15	1.80%	1.08%
*2¾% due 6/15/58/63	113.31—114.1	1.55%	1.30%
(r)2¼% due 6/15/29/62	101.15—101.17	2.12%	1.27%
*2¾% due 12/15/60/65	115.11—115.13	1.62%	1.36%
2½% due 9/15/67/72	105.10—105.12	2.19%	1.31%

*Partially exempts.
(r)—Restricted issue.

The partially exempt bond in each instance gives a larger tax free yield than does the taxable security. . . . Past records of yields for the partially exempts and comparable maturities of the taxable issues shows that these yield discrepancies do not last long. . . . The tendency has been for the tax free yields of these two groups to equalize. . . . This trend will no doubt continue in the future.. . . .

EPT

The elimination of excess profits taxes will not change the tax relationship between these securities. . . . The 40% tax consisting of 24% normal and 16% surtax is expected to be with us for a considerable period. . . . When the time comes for further adjustments in taxes below the 40% level, changes will probably be made in the surtax as well as the normal rate. . . .

BUYERS AND SELLERS

The commercial banks have been the principal buyers of the partially exempt obligations. . . . From the end of last year through April 30th, 1945, these institutions bought $111,000,000 of the 2⅞% due 1955/60, $33,000,000 of the 2¾% due 1956/59, $38,000,000 of the 2¾% due 1958/63 and $93,000,000 of the 2¾% due 1960/65. . . . The sellers were other investors, including dealers, Government agencies and "Federal" along with the insurance companies and savings banks. . . .

Present prices of the partially exempts are not substantially in excess of those prevailing during April, when the Treasury reported that the commercial banks during that month were fairly sizeable purchasers of these bonds, particularly the 2⅞% due 1955/60. . . . In view of the opinions that the longest maturities of the bank eligible taxables will move ahead from these prices, it seems as though the longest maturities of the partially exempts will also seek higher levels in order to prevent further discrepancies in yields between these two groups. . . .

Therefore, the last four maturities of the partially exempts should still have attraction at these levels for the institutions that have been interested in them in the past. . . . The 2¾% due 1960/65 is the best liked issue, since it is indicated that appreciation possibilities from present levels could be in excess of two points. . . .

Calls for Clarification Of Terms to Japan

(Continued from page 299)

I had as my main objective the information of our people.

I did not then, and I do not now, subscribe to the doctrine that our people should be kept in the dark until advised of accomplished facts. They are fully aware of what must be accomplished by this war. They have demonstrated their ability to think things through for themselves.

Neither do I believe in the overworked philosophy that information and discussion on the part of our people will induce the Japanese to believe that we are "soft," thereby aiding them in maintaining morale.

On the other hand, I feel that clear understanding and frank discussion will do just the opposite. It will demonstrate to the Nipponese that we have turned "thumbs down" on any offer which does not pay the price. To my mind, there is much more danger in secret and devious diplomacy and militaristic "hush-hush."

Let me remind the Senate that I at no time stated that such proposals had been communicated by an official source to an official department of our Government, or that they came from an unofficial origin to a like destination. I simply requested that we be given the full facts.

At first our State Department denied that any such proposals had been transmitted to our Government, which was undoubtedly true. We all know that such "peace feelers," as they are termed, are seldom so communicated.

However, that denial caused me, as well as others who had similar information and felt as I did, to be misunderstood in some quarters, and in some to be even severely criticized, although public opinion was almost unanimous in demanding that full information be provided.

Now, I am pleased to note, our capable Acting Secretary of State, Mr. Grew, has cleared up the situation. He has now frankly and courageously disclosed that our Government has knowledge of unofficial "peace feelers," but that none of them have constituted definite peace offers. I accept Mr. Grew's statement. I commend him for taking the people into his confidence. I trust that he will continue to do so. I cannot but recall that denials similar to those mentioned were made just a few weeks before the Italian surrender in 1943.

It may be that the "feelers" made were no more than propaganda. If so, they have been squelched—squelched because of public disclosure and discussion. Japan now knows that whatever it wishes to offer it must disclose to our people and to the world. The cards must be played on top of the table.

Our good Secretary insists, however, that we must and shall insist upon "unconditional surrender." Those words, of seeming magic to some, seem to be our sole guidepost in the conduct of the war and the peace to be erected upon victory.

Mr. President, permit me to state wtih all the strength at my command that I favor no "soft" peace with Japan. Neither do I favor any compromise with that nation, if by that is meant the sacrifice of one thing necessary for the future welfare of America and the peace of the world. However, I have not advocated and do not now advocate extended 'horse trading," and dickering with the Japanese in order to arrive at peace. Furthermore, I advocate no acceptance of mere promises on the part of that renegade nation "to be good." Our armed forces are on the spot to enforce all terms. On the other hand, what I do advocate will eliminate the propaganda, the "feelers," the dickering, the "horse trading," and the secret diplomacy.

Moreover, the policy which I advocate may shorten the war, save many lives, and create a more stable situation for the establishment of permanent peace.

For those reasons, I cannot accept the philosophy of our good Secretary, and others in high places, plus that of some writers and commentators, to the effect that nothing will accomplish the desired results save and except "unconditional surrender."

Let us take a look at those words. What do they mean? As the distinguished Senator from Maine [Mr. White] has heretofore stated in this Chamber, they mean "acceptance by the vanquished of the will of the victor." What that will is—the terms to be met—is communicated to the vanquished after, rather than before surrender.

That is the practical difference. The terms could just as well be stated before if our Allied leaders are willing to state the ends we seek to attain. The terms may, in fact, be just the same. However, many lives may be required to maintain that slight distinction.

With an abiding conviction that I am right, I submit, Mr. President, that our nation, in cooperation with its Allies, should proceed to formulate, and when formulated, announce to the world, the exact minimum terms required of Japan. Let them be spelled out with clarity and decisiveness. Let the Nipponese understand that this price they must pay or die.

Such a step will, in my judgment, stop the propaganda, the rumors, and the feelers. If those terms prescribe a just punishment and a fair hope for the future—and I cannot conceive that America will demand otherwise, no matter when victory is attained, or the cost thereof—there will be afforded an opportunity for upheaval in Japan, the ascendance of sanity, and the decline of suicidal unity.

By following that course, we have nothing to lose. Definite rigid terms are certainly no more terrifying than the uncertainty of victors' demands. There can be no morale created by false tales of drastic punishment to come—punishment beyond the comprehension or conscience of any American. Moreover, those who hereafter must die will know exactly what is to be accomplished by their sacrifice. They will not have died for the fulfillment of some vague plans of the future which we had not the courage to formulate while they lived.

Mr. President, I do not assume the task of spelling out what shall be the complete terms of surrender. Our people demand that we end Japan's power as a military nation, and punish it for its crimes against us and the world. We have not the conscience to exterminate the nation and its people.

If Japan gives up its fleet and air force, disarms its armies, destroys or has destroyed its war-productive agencies, gives up its conquered lands and loot and returns to its home islands, makes reparations for damage done, and is deprived of its economic capacity to wage war, what more can we ask other than the punishment of war criminals? As for the latter, most of them will follow the suicide route, regardless of the path followed to surrender.

Does "unconditional surrender" mean that the Japanese Emperor is to go, that the dynasty is to be destroyed, and that a new type of government is to be created? I do not know. Neither does Japan. Our President has pledged that the Japanese people will not be enslaved or destroyed. They will not be. We have known that from the very beginning. But why not use the positive rather than the negative method of approaching the problem?

Most certainly our nation has no designs upon Japan which it fears to divulge. I am loathe to believe that any of our Allies are so motivated.

Common sense tells us that Japan will be extremely reluctant to accept the exercise of "supreme authority" such as was declared in the case of Germany. If retention of its present form of government is the "face saving" necessary to enable Japan to accept our terms, then I for one advocate permitting Japan to save that much "face." It would take a lot of such "face" to compensate for the life of one American boy.

Let me pose a question. If it is to be our policy that Japan's system of government is to be destroyed as a part of "unconditional surrender," what is to take the place of such government? Most certainly it cannot be argued that the Japanese are prepared for any democratic form of government. Are we to spend years in occupation and in teaching a different form of government? I cannot accept that proposition.

Neither do I accept the philosophy that the Japanese will never consider themselves beaten as long as they have their Emperor, with his white horse and his various palaces.

The Japanese know they are beaten.

We have destroyed their Navy.

We have practically eliminated their air power.

We have bombed and substantially destroyed their major cities.

Their minor cities are now being wiped out, one by one.

Millions of Japanese are now homeless.

Their casualties are enormous.

As a matter of fact, Japan has been most effectively invaded already. Most of its people know what war is at first hand. The destruction is being increased daily. The Japanese will soon know that America is just getting into high gear.

Having personally seen what bombing did to German cities, I feel that I can safely say that a large majority of the Nipponese are fully aware of ultimate defeat.

Mr. President, it is my deep conviction that insistence upon unconditional surrender may prolong the war, may prevent an overthrow of the war lords of Japan, may promote Japanese suicidal unity, and must lead to ultimate famine in that land. Why should we assume those risks?

If famine results, shall we then assume the task of feeding and rehabilitating a poverty-stricken people? It seems to me that we now have enough to do along that line.

By reason of the stand I have taken in this matter, I have been accused by some of failing our men now fighting in the Pacific. It is my deep conviction that to have done otherwise would have been to fail them.

Above all, I do not wish to fail those who may be required to forfeit their lives through insistence upon postponement of decisions and those whose fate it may be to mourn their loss, when such insistence will add nothing to the future of America or humanity, and may, in fact, jeopardize rather than aid the future peace of the world.

I sincerely trust, Mr. President, that shortly following the conference now about to begin in Berlin, there will come from our Allied leaders an ultimatum to Japan stating the exact price she must pay by reason of her transgressions.

I have faith in our leaders to believe that some such action will be taken.

We shall then go forward, with a conviction that we have kept faith with those who die in our cause, united and unafraid, to final victory.

Goldman, Sachs Offers Hecht Co. Preferred

Goldman, Sachs & Co. on July 17 offered publicly 56,000 shares of The Hecht Co. 3¾% Cumulative Preferred stock ($100 par), at $103 per share. Net proceeds to be received by The Hecht Co. will be used to reimburse the company for the redemption of all the outstanding 53,200 shares of 4¼% Cumulative Preferred Stock at $105 per share.

The sinking fund on the Preferred Stock will retire 2% of the issue for each year, commencing in 1947. The new preferred is to be callable, in whole or in part, at prices ranging from $108 down to the offering price. Shares are to be callable for the sinking fund at prices ranging from $104.50 to the offering price.

Sales have increase annually from $25,463,000 in the fiscal year ended January 31, 1940 to $44,857,000 in the year ended January 31, 1945. Net profit in the last fiscal year amounted to $1,689,000 after Federal and state income and excess profits taxes totaling $3,792,000.

The Hecht Company, whose business was founded in 1874, operates eight retail stores, including branches, in Washington, Baltimore, New York, and Easton, Md.

Howard C. Maurer Resumes Business Inv.

LEWISTON, N. Y.—Howard C. Maurer is resuming his investment business from offices on Second Street. Recently he has been serving in the armed forces. Prior thereto he was in business in Niagara Falls and was Buffalo manager for Amott, Baker & Co.

Goodbody & Co. Will Admit Brett as Partner

Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges, will admit Arthur C. Brett to partnership on Aug. 2nd.

John Dinkins Opening Office Again in L. A.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—John Dinkins has opened offices at 453 South Spring Street, to engage in an investment business. Mr. Dinkins has recently been serving in the U. S. Army. Prior thereto he was President of M. H. Lewis & Co.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1945

RESOURCES

Cash and Due from Banks		$ 887,308,682.67
U. S. Government Obligations, direct and fully guaranteed		2,900,026,165.84
State and Municipal Securities		108,523,241.16
Other Securities		163,520,939.48
Loans, Discounts and Bankers' Acceptances		1,159,769,380.69
Accrued Interest Receivable		12,288,920.48
Mortgages		5,181,171.12
Customers' Acceptance Liability		5,179,307.26
Stock of Federal Reserve Bank		7,050,000.00
Banking Houses		34,571,632.24
Other Real Estate		3,551,808.26
Other Assets		1,275,868.29
		$5,288,247,117.49

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	124,000,000.00	
Undivided Profits	57,300,790.39	
		$ 292,300,790.39
Dividend Payable August 1, 1945		5,180,000.00
Reserve for Contingencies		12,080,481.80
Reserve for Taxes, Interest, etc.		13,576,144.97
Deposits		4,952,627,343.86
Acceptances Outstanding	$ 8,325,423.24	
Less Amount in Portfolio	2,551,095.58	5,774,327.66
Liability as Endorser on Acceptances and Foreign Bills		167,622.91
Other Liabilities		6,540,405.90
		$5,288,247,117.49

United States Government and other securities carried at $1,320,747,440.00 are pledged to secure U. S. Government War Loan Deposits of $1,120,367,649.78 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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OFFICES IN PRINCIPAL CALIFORNIA CITIES

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Holdings of Government Bonds in the portfolios of insurance companies have approximately doubled in dollar volume since the United States entered the war in December, 1941.

Two tabulations are presented which show the changes that have occurred between Dec. 31, 1941 and Dec. 31, 1944. Table I gives the figures for 30 representative fire insurance companies, and Table II, for 12 representative casualty companies.

TABLE I

	Dec. 31,1941		Dec. 31,1944	
	Total U.S.G. Bonds	% of Total Assets	Total U.S.G. Bonds	% of Total Assets
Aetna Insurance	$13,789,000	23.0%	$21,399,000	29.8%
Agricultural	2,396,000	15.0	3,570,000	18.6
American Equitable	3,816,000	40.5	6,512,000	35.9
Boston Insurance	4,697,000	18.3	8,002,000	26.8
Continental Insurance	8,380,000	8.5	18,526,000	13.9
Camden	701,000	5.1	2,983,000	17.8
Fidelity-Phenix	4,177,000	5.4	11,037,000	10.3
Fire Association	4,931,000	19.4	7,812,000	26.7
Fireman's Fund (S. F.)	8,206,000	17.1	26,394,000	31.8
Franklin Fire	3,038,000	14.4	8,914,000	37.0
Glens Falls	4,581,000	21.2	10,796,000	34.9
Globe & Rep.	1,906,000	34.4	2,356,000	33.9
Great American	1,059,000	2.1	6,209,000	9.5
Hanover	4,025,000	22.7	7,161,000	29.1
Hartford Fire	24,527,000	18.9	40,608,000	25.5
Home Insurance	7,664,000	6.2	34,850,000	23.6
Ins. Co. of N. A.	9,579,000	8.1	19,420,000	12.3
National Fire	16,959,000	31.9	21,721,000	35.9
National Liberty	3,590,000	18.5	8,132,000	34.1
New Brunswick	1,186,000	23.5	1,916,000	33.5
New Hampshire	5,086,000	28.4	6,594,000	31.0
New York Fire	1,496,000	25.9	2,462,000	31.5
North River	7,527,000	30.9	11,966,000	39.5
Phoenix	11,411,000	17.4	14,703,000	19.7
Prov. Washington	2,792,000	16.7	6,191,000	30.0
St. Paul F. & M.	1,111,000	2.2	7,358,000	12.0
Security Insurance	1,503,000	11.3	5,470,000	30.6
Springfield F. & M.	6,852,000	18.7	12,130,000	27.4
U. S. Fire	10,551,000	28.5	17,318,000	36.5
Westchester	4,340,000	21.5	7,874,000	30.1
Total and average	$181,876,000	18.5%	$360,384,000	27.0%

Thirty fire companies, in 1941, held $181,876,000 in Governments; in 1944, their holdings were $360,384,000. The expansion is $178,508,000, equivalent to 98.1%. In 1941, their Governments represented, on average, a ratio of 18.5% of total assets; in 1944, 27.0%. The percentagewise increase in the average ratio has been 46%.

It is of interest that in two instances the percentage which Governments bear to total assets was lower in 1944 than in 1941. American Equitable's percentage was 40.5% in 1941 and 35.9% in 1944, despite a 70% expansion in dollar volume. The second instance is Globe & Republic, with 34.4% in 1941 and 33.9% in 1944, and an expansion in dollar volume of approximately 25%.

Companies whose percentage proportion of Governments has increased considerably more than the average of 46% include: Continental, 63.5%; Providence Washington, 80%; Fidelity-Phenix, 91%; Franklin, 157%; Security, 171%; Camden, 249%; Home, 280%; Great American, 352%; and St. Paul Fire & Marine, 445%. However, many of these, despite a disproportionate percentagewise rise, are still relatively low in Governments. This is particularly true for Continental, with only 13.9%; Fidelity-Phenix, 10.3%; Great American, 9.5% and St. Paul, 12.0%.

Highest percentage is the 39.5% of North River; this is followed by Franklin with 37.0; U. S. Fire, 36.5%; American Equitable and National Fire, 35.9% and Glens Falls, 34.9%.

With regard to casualty and surety companies, as presented in Table II, they have always been heavier in Governments than have the fire companies. In 1941 the average percentage of the twelve companies considered was 30.3%, compared with 18.5% of the fire companies. In 1944 the average percentages were 48.3% and 27.0% respectively. Their dollar volume rose from $135,018,000 to $291,137,000, an increase of 116% compared with the 98% of the fire companies. The percentagewise increase of the average ratio of Governments to total assets was 60% compared with 46% for the fire companies.

Companies which show a percentagewise increase in excess of the 60% average are: Standard Accident, 168%; Maryland Casualty, 93%; American Surety, 84%; American Casualty, 83%; Seaboard Surety, 79%; U. S. Fidelity & Guaranty, 73% and Massachusetts Bonding, 64%. In general, increases in this group have been relatively consistent, compared with the fire group. In the latter, increases appear to have been somewhat more erratic, and in some instances, Home and Franklin, for example, a change in investment emphasis predominately from equity seems to have taken place.

It will be observed that six of the twelve casualty companies hold Governments in excess of 50% of total assets, while the highest percentage in the fire group is 39.5%.

It is perhaps elementary to point out that bonds in insurance companies' portfolios have a retarding effect on the growth of the liquidating values of their stocks, during a bull market; by the same token, they exercise a steadying influence on liquidating value, **during a declining market.** Consequently, careful consideration should be given to the percentages which Governments bear to total and invested assets. Furthermore, since most Governments to-day sell at a relatively low yield, compared to equities, the investment income is affected appreciably by the proportion of Governments held. Another point that should not be overlooked is that most Governments are no longer tax free, whereas 85% of the income from stock dividends is exempt from the Federal income tax.

Insurance stocks are excellent long term investments, but the watchword to the investor is "select intelligently and diversify."

TABLE II

	Dec. 31,1941		Dec. 31,1944	
	Total U.S.G. Bonds	% of Total Assets	Total U.S.G. Bonds	% of Total Assets
Aetna Casualty & Surety	$35,273,000	44.7%	$59,920,000	55.1%
American Casualty	838,000	15.2	2,911,000	27.8
American Surety	5,958,000	20.5	13,629,000	37.7
Continental Casualty	13,435,000	29.8	24,784,000	41.1
Fidelity & Deposit	13,682,000	48.5	20,053,000	58.1
Maryland Casualty	12,218,000	28.2	40,215,000	54.4
Mass. Bonding	6,003,000	25.3	13,307,000	41.4
New Amsterdam Casualty	9,089,000	29.6	18,758,000	45.4
Seaboard Surety	1,763,000	28.1	4,302,000	50.4
Standard Accident	6,680,000	22.5	25,375,000	60.3
U. S. Fidelity & Gty.	22,227,000	32.3	55,586,000	55.9
U. S. Guarantee	7,852,000	38.5	12,297,000	51.5
Total and average	$135,018,000	30.3%	$291,137,000	48.3%

Quarterly Comparison and Analysis

19 New York Bank Stocks
June 30, 1945

Available on Request

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L A Gibbs Manager Trading Department)

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Railroad Securities

(Continued from page 303)

market purchases of this low-priced debt, preferred to take care of its nearby maturities. It first retired its 1946 maturity and then subsequently its 1952 maturities. The net result is that New York Central has not been able to retire debt at lower interest charges as rapidly as other carriers such as B. & O., M-K-T, Illinois Central, merely to name a few. Notwithstanding this fact, however, New York Central's junior bonds have appreciated considerably in the past year or more, reflecting the reestablishment of Class I railroad credit. There is now a general feeling in financial circles that over the next year or more New York Central is likely to be able to refund a minimum of $200 million and possibly as much as $350 million of its debt with a net savings in interest charges of between $5 and $10 million. This would amount to roughly between $1 and $1.50 per share on the common stock without making any allowance for tax adjustments.

In considering the future market action of New York Central one should not overlook the popularity of this equity with Dutch and English investors. In the 1935-37 railroad market the backbone of railroad equity purchases were Dutch and English investors. There is no reason to doubt a repetition of this buying interest once $3-4 billion, now frozen, is unblocked. New York Central, being one of Europe's favorites, will undoubtedly be singled out among prospective purchasers.

Concluding, therefore, while New York Central suffers from fundametntal weaknesses previously outlined, the amount of debt reduction already accomplished, together with a sizable decrease in fixed charges, with further interest savings probable through refundings over the next year or two, with active business promised through figuring on the accumulated deferred demands created by the war and with substantial purchases assured on the part of Dutch and English investors when their money is unblocked, seems to indicate that New York Central will fare better in the future marketwise than in the immediate past. We believe the common, at levels of 28-29, is attractive on a long term basis.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

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Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£115,681,681

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Skelly Oil Debentures Marketed at 101¾

Eastman, Dillon & Co. and associates on July 18 offered to the public $10,000,000 20-year 2¾% debentures of Skelly Oil Co. The debentures were priced at 101¾ and accrued interest.

Proceeds from this financing, with other funds of the company, will be applied to the redemption on or before Aug. 30 of $10,000,000 of 3% debentures, due on Feb. 1, 1950. The prospectus states that the company plans to borrow $8,000,000 from banks on a ten-year installment note, the proceeds to be added to its other funds for general corporate purposes.

The new debentures are subject to redemption at 104 before July 1, 1946, and at prices declining to par on or after July 1, 1946. They also are redeemable through the operation of the sinking fund.

ADVERTISEMENT

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York 4, New York, at the close of business on June 30, 1945, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS	
Loans and discounts (including $51.68 overdrafts)	$16,475,229.58
United States Government obligations, direct and guaranteed	14,592,747.33
Obligations of States and political subdivisions	2,322,979.66
Other bonds, notes and debentures	15,053.27
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	5,233,308.90
Banking premises owned, none; furniture and fixtures and vaults	1.00
Other assets	80,004.88
TOTAL ASSETS	$38,719,324.62
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	$16,757,030.41
Time deposits of individuals, partnerships and corporations	4,098,863.01
Deposits of United States Government	8,449,971.22
Deposits of States and political subdivisions	5,291,240.91
Deposits of banking institutions	440,063.68
Other deposits (certified and officers' checks, etc.)	1,105,194.84
TOTAL DEPOSITS $36,142,364.07	
Other liabilities	205,393.13
TOTAL LIABILITIES	$36,347,757.20
CAPITAL ACCOUNT	
Capital†	$1,000,000.00
Surplus fund	750,000.00
Undivided profits	621,567.42
TOTAL CAPITAL ACCOUNT	$2,371,567.42
TOTAL LIABILITIES & CAPITAL ACCOUNT	$38,719,324.62

†This institution's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA	
Pledged assets (and securities loaned) (book values):	
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	$10,475,731.38
Other assets pledged to secure deposits and other liabilities (including notes and bills rediscounted and securities sold under repurchase agreement)	2,222,918.64
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	150,952.65
Securities loaned	25,277.75
TOTAL	$12,874,880.42
Secured and preferred liabilities:	
Deposits secured by pledged assets pursuant to requirements of law	$12,682,375.73
Other liabilities secured by pledged assets	28,000.00
Deposits preferred under provisions of law but not secured by pledge of assets	2,350,268.65
TOTAL	$15,060,644.38

I, WILLIAM D. PIKE, Comptroller of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.
WILLIAM D. PIKE.

Correct—Attest:
JOSEPH B. V. TAMNEY
SUMNER FORD
L. GUSTAM MOSES
} Directors

F. I. Robertson to Head Otis Buying

CLEVELAND, OHIO — F. I. Robertson has become associated with Otis & Co., Terminal Tower, in charge of the buying department. Mr. Robertson, who has recently acted as consultant on financial and management problems for various companies in Northern Ohio, was Vice-President of the Cleveland Trust Co. from 1932 to 1941. Prior thereto he was a Vice-President of the Midland Bank of Cleveland and was connected with the Continental Illinois National Bank & Trust Co. of Chicago.

Bretton Woods Dangers to Britain

(Continued from page 298)

fill its function, its value must be kept reasonably stable in terms of commodities. In other words, the purchasing power of the unit of currency must be kept as steady as possible; for it is practically impossible to conduct trade if the measuring rod is continually varying. No grocer would expect to earn his living if someone came into his shop every night and loaded his weights. Yet that is precisely what happened when we decided to go back to a gold standard after the last war.

If more credit (or money) is made available than is required by the productive capacity of a nation, or of the world, then the general level of prices rises sharply. This is called inflation. If, on the other hand, the supply of money is inadequate to sustain the continuing expansion of production made possible by the development of modern science and engineering technique, then prices will fall. This is called deflation. The effect of deflation is to increase the real burden of all debts, to transfer wealth from active to inactive hands, and, by decreasing the expectation of profit, to check the whole productive process—with unemployment as a result. We suffered from acute deflation continuously for ten years, from 1921 to 1931. And the reason we did so was because we returned to the gold standard, at the prewar parity of exchange.

What, exactly, did this mean? Three things. First of all that we gave to money a separate and independent value of its own—the value of gold. We no longer sought to make it a measuring-rod, and therefore to keep its value stable in terms of commodities. We made it instead the pivot around which the entire world economy revolved. From the moment the world went back to gold, the general level of world commodity prices depended not on credit policy, but on the value of gold. As this increased, so the world commodity price level fell, with disastrous consequences to every farmer and to every producer of raw materials.

Secondly, it meant that the external value of the pound was fixed beyond our control, at a level which bore no relationship to our internal wage and social policies. The balance between our internal and external price levels therefore became completely upset, and we found we could no longer compete in the markets of the world, because our costs were too high.

There were only two ways in which equilibrium between our internal and external price levels could have been restored—devaluation of the pound, or a reduction in the general level of wages. Having gone back to the gold standard, we could not do the former. And the attempt to do the latter resulted, inevitably, in the general strike and the great coal-mining strike of 1926. So our export trade was crippled.

Thirdly, it meant that we tied ourselves rigidly to Wall Street. So that, when Wall Street crashed in 1929, we crashed too. As soon as we were driven off the gold standard in 1931 (because we had no gold left) commodity prices began to rise, the balance between our internal and external price levels was restored, and recovery set in.

The Obvious Conclusion

The conclusion to be drawn from all this is obvious, and quite simple. In order to keep the general level of prices reasonably steady, the amount of goods and services available must be balanced by the amount of money in circulation. If we fail to provide the money tokens necessary to purchase the abundance of the modern world, it would be better to smash the machines, prohibit research work of all kinds, and revert to the simple life of peasant cultivation and individual craftsmanship. Which is impossible. The only thing that can prevent us from providing the necessary money tokens, and therefore from pursuing an expansionist economic policy, is the imposition of gold as a monetary basis. For gold puts artificial and purely mechanical obstacles in the way of an expansion of credit at the very moment when, owing to a shortage of monetary (gold) reserves, it is most required.

Now let us have a look at this Bretton Woods Agreement. The first thing to notice is that it relates solely to money. Goods, which might be thought to be of greater importance, are nowhere mentioned. That it puts us back on a gold standard admits of no doubt. All currencies are to be related to the dollar, which is to be given a gold value. Therefore all currencies are to be expressed in terms of gold. On this ground alone, it should be rejected. Any country may devalue its currency up to a limit of 10% without special permission from the fund. But, under modern conditions, unilateral devaluation of so limited an extent is, to say the least, a doubtful expedient. It would certainly be quite useless as a means of preventing a depression in one of the major industrial countries, e.g., the United States, from spreading to others. For this purpose the power to negotiate bilateral and/or regional trade agreements in terms both of goods and of money is absolutely essential. And this, in turn, involves a discriminatory control over imports, and over the export of capital.

Under the Bretton Woods Agreement, "discriminatory currency arrangements" are expressly prohibited. This would prevent us from making reciprocal agreements in terms of money as well as goods, and from limiting the free convertibility of sterling to the Sterling Area. It would therefore put an end to the Sterling Area as we now know it, despite the fact that our greatest hope for the future lies in the reconstruction of that area.

Creditor Nation of the World

Indeed, the whole bias of what is so strangely called the "Final Act" is against discrimination in any shape or form, and in favor of a return to multilateral free trade and an international currency freely convertible in terms of gold. The implications of an attempt to return to the economic system of the 19th Century—for it amounts to nothing less than that—can scarcely be exaggerated. That system only worked because we were the great creditor nation of the world, because we took goods freely and in unlimited quantities from everywhere, because we re-lent the whole of our export surpluses to debtor countries, and—last but not least—because there were fortuitous but continuous discoveries of gold.

It was based on the assumption that, as trade is conducted by individuals, the size of national economic units is of no consequence. In the modern era of mass production and protected markets, that assumption no longer holds good. To treat existing sovereign political States on an equal footing from an economic point of view is a most reactionary step. If the smaller nations don't get together, they will go under.

Today the United States are the great creditor nation of the world. They possess practically all the gold. Are they required under the Final Act, either to accept import from debtor countries, or to re-lend their export surpluses? Not at all. The onus of restoring equilibrium in the balance of payments is thrown entirely on the debtor nations, of whom we are the chief. Supposing—and it is not an unreasonable assumption—there is a depression in the United States which upsets our balance of payments through no fault of our own, two alternatives will confront us under Bretton Woods. We can deflate; or we can sell the fixed assets of this country (for gold) to private American interests. I would remind the reader that deflation involves dear money, unemployment, and the end of all our hopes of social security. It is therefore an unhappy choice.

After this war we shall have only two assets. Our productive capacity, based on coal, the fertility of our soil, and the skill of our workers; and our markets, based on the purchasing power of our people. At the same time we shall have an external debt amounting to approximately 4,000 million pounds, and we shall have lost the greater part of our overseas investments, many of which have been gratuitously sold, at knockout prices, to the United States.

We cannot hope to get through unless we trade our assets against our liabilities. And that is what the Bretton Woods Agreement would seem to have been designed to prevent us doing. How can we exploit our assets?

First of all, by expanding our home production, especially of foodstuffs, to the maximum possible extent. This involves an expansionist internal credit policy, which is ruled out if we return to an international gold standard.

Secondly, by negotiating favorable trade agreements with those countries which have a complementary rather than a competitive economic structure. This involves bulk purchase contracts, a quantitative and qualitative control over imports, and reciprocal payments agreements. It is at least doubtful if Bretton Woods would permit any of these things.

Thirdly, by reconstructing the Sterling Area, which could be developed into an economic unit of immense influence and power, pledged to the fulfillment of an expansionist policy designed to achieve full employment and a rising standard of living. This, as we have already seen, involves the limited convertibility of sterling within the Sterling Area—in other words a "discriminatory currency arrangement," which is expressly forbidden in the Final Act.

A Practical Impossibility

The truth of the whole matter is that in the modern world of mass production, and scientific development, the uncontrolled interplay of supply and demand on unregulated world markets is a practical impossibility.

Some measure of purposive direction of trade is essential if chaos is to be averted, if debtor countries are not to be driven into deflation and insolvency, and if a depression in one country is to be prevented from spreading to others.

The issues at stake are of enormous importance, and they are not obscure. Are we going to throttle the production of goods by making gold the basis of credit? Are we going to accept the doctrine of non-discrimination, which is based on the fallacious assumption that all sovereign political states are of equal economic status? Are we going to hand over absolute economic power to the creditor nations of the world, by accepting the bargaining power of export surpluses, and rejecting that of markets? Upon the answers given to these questions our future prosperity must largely depend.

Katzer Now Proprietor

SPOKANE, WASH. — Edward William Katzer is now sole proprietor of Fisher-Katzer Investment Co., Symons Building. He was formerly a partner in the firm with George M. Fisher.

Guaranty Trust Company of New York

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

MAIN OFFICE
140 Broadway

MADISON AVE. OFFICE
Madison Ave. at 60th St.

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, June 30, 1945

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 556,382,134.64
U. S. Government Obligations		2,143,853,239.75
Loans and Bills Purchased		1,087,247,591.17
Public Securities	$ 59,250,014.00	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	23,435,565.73	
Credits Granted on Acceptances	1,816,331.85	
Accrued Interest and Accounts Receivable	11,405,024.22	
Real Estate Bonds and Mortgages	1,524,984.90	
		105,231,920.70
Bank Buildings		9,335,564.19
Other Real Estate		785,232.79
Total Resources		$3,902,835,683.24

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	47,374,454.58	
Total Capital Funds		$ 307,374,454.58
General Contingency Reserve		35,051,222.67
Deposits	$3,469,404,579.29	
Treasurer's Checks Outstanding	21,529,517.18	
Total Deposits		3,490,934,096.47
Bills Payable		40,000,000.00
Acceptances	$ 3,777,730.82	
Less: Own Acceptances Held for Investment	1,961,398.97	
	$ 1,816,331.85	
Liability as Endorser on Acceptances and Foreign Bills	147,732.00	
Dividend Payable July 2, 1945	2,700,000.00	
Items in Transit with Foreign Branches (and Net Difference in Balances between Offices Due to Different Statement Date of Foreign Branches)	1,026,324.93	
Accounts Payable, Reserve for Expenses, Taxes, etc.	23,785,520.74	
		29,475,909.52
Total Liabilities		$3,902,835,683.24

Securities carried at $1,233,090,665.65 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, to secure Bills Payable, and for other purposes. This Statement includes the resources and liabilities of the English, French and Belgian Branches as of June 26, 1945.

Member Federal Deposit Insurance Corporation

New England Fund
Prospectus on request

GENERAL INVESTORS TRUST
Prospectus on request

DISTRIBUTORS:
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111 DEVONSHIRE STREET
BOSTON, MASS.

The George
PUTNAM FUND
of Boston

Prospectus upon request

Putnam Fund Distributors, Inc.
50 State St., Boston

Keystone Custodian Funds
★
Prospectus may be obtained from your local investment dealer or
The Keystone Corporation of Boston
50 Congress Street, Boston 9, Mass.

A. B. Prather Opens

JACKSONVILLE, FLA. — A. B. Prather is engaging in an investment business from offices at 4624 Apache Avenue.

Shares of Capital Stock of
INCORPORATED INVESTORS
Prospectus of Incorporated Investors may be obtained from investment dealers or
THE PARKER CORPORATION
ONE COURT STREET
BOSTON, MASSACHUSETTS

THE LORD-ABBETT GROUP
OF INVESTING COMPANIES

Union Bond Fund C
Prospectus upon request

LORD, ABBETT & CO.
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Mutual Funds

Continued Bull Market Forecast

Edward P. Rubin, President of **Selected American Shares,** in a recent speech before Chicago stock brokers stated that stock values will prove over the next few years to have been much higher than present prices. "I think that such sell-offs as will surely come should be regarded as opportunities for further buying," he said.

Mr. Rubin emphasized the point that there would be corrections of the upward trend and that, while some of these corrections could be serious and perhaps could go into effect soon, they can be discounted in the long term view. "Stock prices have often been higher under less favorable circumstances," he said. "It is unlikely that we have discounted the best that is to come."

* * *

Lord, Abbett, in the current investment Bulletin on **Affiliated Fund,** takes a similar viewpoint of the market. In order to gain "perspective," this sponsor compares the magnitude of the present rise with that of the last two bull markets.

"The first, from 1921 to 1929, lasted for 97 months and represented a total gain of just under 500%. The second, from 1932 to 1937, lasted for 56 months and the gain was 370%. The present period, on the other hand, has lasted but thirty-eight months and has gained just 82%. Put another way, today's bull market has only gained 22% as much as the last one, and but 17% as much as the one before it."

* * *

In the current issue of **Abstracts,** Walter Scott of **Lord, Abbett** strikes an unusual note for investment company sales literature by showing the extent of the decline in each of the seven Lord Abbett sponsored funds in the recent market sell-off. The move ranged from a decline of only 4/10 of 1% for Union Bond Fund A to 5.7% for Affiliated Fund. The point is made that these seven funds "serve a distinct investment purpose in each case" and that their volitility is in relation to the purpose for which each one is designed.

Professional Investment Management

In a current investment News **Distributors Group** shows the performance of the 18 stock classes of **Group Securities** for the first half of 1945. All groups advanced, the percentage increases ranging from 9.1% for **Chemical Shares** to 32.7% for **Railroad Stock Shares.** During this period every single stock group did better than the market as measured by the Dow-Jones Industrial Average.

Railroad Stock Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. · NEW YORK 5, N. Y.

"But how can this be?" asks the sponsor. "How can all the 'parts' do better than the 'whole'? The answer is that something has been added to the 'parts.'

"That 'something' is professional investment management."

Better Income

An attractive, well designed little folder on the **Diversified Investment Fund Series** of **New York Stocks, Inc.** is the latest issue to come from the sponsor, **Hugh W. Long & Co.** Particularly well done is the clear-cut picture of what the investor in Diversified Investment Fund gets for his money.

Briefly, he gets an interest in 44 different issues as follows: 8 bonds with average assets of $1,755 for each $1,000 bond outstanding; 17 preferred stocks with an average net asset backing of $255 for each $100 of preferred stocks outstanding; 19 common stocks with average asset value per share of $51.79 compared with a current average price of $41 per share. On the income side the investor receives his share of 139 separate income items, all merged into four quarterly dividend payments.

Diversified is spread over more than 19 different industries in the following general categories:

54%	in Industrials
27%	in Railroads
19%	in Public Utilities

On the basis of the current offering price and the 1944 payments on securities now held, it is estimated that investment income from Diversified Investment Fund will be about 5½%.

Ten Thousand Idle Dollars

Keystone Corp. rings the bell with the current issue of **Keynotes,** showing with charts and figures just what it means to let $10,000 remain idle and unproductive.

For example, ten thousand dollars which are held uninvested and which could earn 5% means a loss of—

$1.37	every day
$9.61	every week
$41.67	every month
$500.00	every year

"The sum of $1.37 a day would not appear very large. But it will buy a good lunch even in these days. The sum of $9.61 a week will indulge a hobby. A monthly expenditure of $41.67 is a substantial item for wearing apparel. A very satisfactory vacation can be financed with $500 a year."

Volatile Appreciation

National Securities & Research Corp., in the current issue of **National Notes,** presents charts showing some amazing factors in the inflation picture and points out that "inflation has always accompanied or immediately followed every major war."

"Stated simply, today's dollar is not only finding less to buy but is buying less. In terms of invested capital, the buying power of the individual's investment can be maintained only if the dollar value of his securities rise at least as fast as the general market average. By the same token, the advance must be better-than-average if profit is the goal."

National Low-Priced Common Stock Series is suggested as an investment which can be expected to give better-than-average appreciation in a rising stock market.

Diversification Among Investment Companies

North American Securities Co., in a current bulletin on **Commonwealth Investment Company** states in the heading, "Yes, We Believe in Diversification—Even of Investment Companies!" The bulletin goes on to tell of a recent order for 1,000 shares of Commonwealth which turned out to be part of an investment program divided up among eight different investment companies.

"All of the companies," writes the sponsor, "were of the open-end type except Company H, which was a non-leverage closed-end investment company. The principle of diversifying security holdings is well-known and widely accepted. Since investment company managers are human beings, it is just as reasonable to extend diversification to them, too."

Favored Groups

In its June 30 Investment Report on **Group Securities, Inc.,** the Investment Research Department of **Distributors Group** writes as follows:

"We continue to believe that selected, undervalued stocks are sounder holdings than cash at this time.

"Undervaluation is most extreme in our opinion in stocks of the type held by Steel Shares, Railroad Stock Shares, Railroad Equipment Shares, Aviation Shares and Low Priced Shares.

"Stocks fairly priced with respect to present earnings but undervalued with respect to their post-war prospects are of the type held by Chemical Shares, Tobacco Shares, Industrial Machinery Shares and Merchandising Shares."

Mutual Fund Literature

Selected Investments Co.—Portfolio memorandum showing holdings as of June 30; current issue of "These Things Seemed Important." . . . **Vance, Sanders**—Issue of **Brevits** showing that stock prices in retrospect are not high in relation to corporate earnings. . . . **Broad Street Sales Corp.**—Current issue of **Items** discussing the "Reconversion Period.". . . **Distributors Group**—Current portfolio folders on **Railroad Bond Shares, General Bond Shares** and **Low Priced Shares;** current issue of Investment News.

Dividends

New England Fund—A quarterly dividend of 15¢ per share payable July 31, 1945, to shareholders of record July 20.

NATIONAL SECURITIES SERIES
Prospectuses upon request
National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)

Diehl to Manage Dept. For Wm. R. Staats Co.

LOS ANGELES, CALIF.—Appointment of Robert D. Diehl, prominent for the past 16 years in the security business, as manager of the Corporate Trading Department of William R. Staats Company, 640 So. Spring Street, members of the Los Angeles Stock Exchange, pioneer California investment firm, was announced by John Earle Jardine, President.

Robert D. Diehl

Mr. Diehl has a broad background of experience with leading investment banking firms in Cleveland. He was a charter member of the Cleveland Security Traders Association and has been very active in that organization having served as Treasurer, Vice-President, and President in successive years from 1938-1941. He has served as National Committeeman to the National Security Traders Ass'n and was an original member of the National Association of Security Dealers Quotations Committee of District No. 10.

His association with William R. Staats Co. was previously reported in the "Chronicle" of July 12th.

Investors Syndicate Elects Macgregor Head

Earl E. Crabb, Chairman

MINNEAPOLIS, MINN. — The directorate of Investors Syndicate, Roanoke Building, underwriters and distributors of investment securities, announces the election of Robert E. Macgregor as president and director of the corporation and the election of Earl E. Crabb as chairman of the board of directors. Re-elected also to the board were: John M. Harrison, Henry M. Gallagher, and Paul E. Von Kuster.

Mr. Macgregor, prominently identified with the financial affairs of the Ninth Federal Reserve District, had been associated with the Northwestern National Bank of Minneapolis from 1897 to January 1, 1945 when he retired as senior vice-president of the bank. Joining the staff of the old Northwestern National in 1897 he had successively served as messenger, clerk, bookkeeper, teller, assistant cashier, cashier, and vice-president, and was senior vice-president from 1941 until 1945.

Mr. Crabb became associated with Investors Syndicate in 1925. He served as a vice-president from 1925-1935, was executive vice-president from 1935 to 1939, and has been president of the corporation since July 1939. He also is president of Investors Syndicate of America, Inc., Investors Syndicate of Canada, Ltd., Investors Mutual, Inc., Investors Stock Fund, Inc., and Investors Selective Fund, Inc.

J. L. McCarthy Joins United Bus. Service

United Business Service announces that John L. McCarthy has joined its staff as assistant manager of the investment analysis department. Mr. McCarthy was formerly associated in Boston with G.M.-P. Murphy & Co. and Southgate & Co., and previously in New York with Parrish & Co.

The Food Problem

(Continued from first page)

I might go further and say that it touches the lives of all the people in the world, for part of the problem is to decide what portion of our food supply we can spare to the hungry peoples of liberated lands until such time as their new harvest will make it possible for them again to feed themselves. America can't feed the world. We've got to make that clear and positive from the outset or we are inviting an awful lot of misunderstanding, trouble and ill-will. Even if we were to ship across the oceans every pound of food we produce, we couldn't feed the world. But we must do what we can; for the events of the past few years have made it clear to even the dullest mind that whatever happens in any part of the world, however seemingly distant, happens finally to us. Underfed children grow up with distorted minds, and when children with distorted minds grow big enough to carry guns they become a menace to the peace of the world. We don't need to look for other reasons.

So our own self-interest demands that there shall be plenty in America and a sufficiency everywhere in the world. If the Department of Agriculture and its related public agencies are to be at all effective in the solution of this terrific problem, they must have the help of an understanding and cooperative public opinion. Abraham Lincoln, in one of his debates with Douglas, said:

"In this and like communities public sentiment is everything. With public sentiment nothing can fail; without it nothing can succeed; consequently he who molds public sentiment goes deeper than he who enacts statutes or pronounces decisions. He makes statutes and decisions possible or impossible to be executed."

Will Give Food Facts

In the spirit of that wise comment I have left a loaded desk and come up here to take counsel with you. Because you men and women of advertising, publishing and the radio are the chief factors in the formation and guidance of sound public thinking. I know I can count on your help if I do my part. And as a first step in that direction I make you this pledge: So long as I am Secretary of Agriculture the people of the United States are going to get the facts just as fast as we can gather the facts and confirm them. The people are entitled to know how much food there is in the country, where it is and where it is going. In case of a shortage they are entitled to know whether or not the shortage occurs from the failure of nature, a so-called act of God, or from official negligence or stupidity. I do not for one minute go along with the idea that the people of a democracy who have proved that they are tough enough to win the greatest war in history, are such tender plants that they cannot stand the chill blast of unpleasant information. I have no sympathy with the notion that it is any part of the function of a public official to protect the people from the truth.

Anybody who attempts to deal with the American people on the assumption that they can be kidded or fooled or exploited for any length of time is riding for a fall. The great industries, whose advertising is prepared and published by you men and women, have grown great because the men who manage them believe that the American people are smart enough to distinguish between good stuff and poor stuff, between honest claims and ballyhoo, between a message that treats them as intelligent human beings and an effort merely to flatter or cajole.

The American people are an honest people. One of your members, who is a personal friend of mine, told me that for years his company has handled the advertising of a low-priced cigar. The sales plan was a published offer to send to any smoker 100 cigars on consignment. The smoker was to smoke ten and, if he liked them, send a check for the 100. If he didn't like them, he was to send back the 90 remaining and there would be no charge. My friend told me that over a period of years the company was imposed upon so infrequently as to make the losses infinitesimal.

During the depression we discovered how seriously the average American regards his promise to pay. Some of our economists and financial leaders were vastly worried as to what would happen to the industries that had sold millions of dollars worth of goods on the installment plan. They felt that people who had lost their employment, or feared that they might lose it, would simply throw up their hands and refuse to pay. What actually happened was so different as to be almost a miracle. If the merchandise was honest merchandise, something the family really needed and wanted, if it had been honestly sold at a fair price, the average American scrimped and saved and borrowed from his relatives and enforced upon himself every kind of self-denial in order to pay the debt. The cheaters and the chiselers were an almost unbelievably small minority.

I make no apology for beginning my remarks with this confession of faith in our people. If I did not have such faith, if I could not believe that when we get the true facts, and with your help, explain them to our citizens, we will have their united support, I would feel very uneasy about some of the problems ahead. Besides the one I mentioned at the outset—the question of how much we can and should contribute to relief—there are plenty of other problems that are tough. Very tough, indeed.

Demand Exceeds Supply

Right now, the demand for food exceeds the supply. We are facing the fact that many items of what America loves as its daily diet are in short supply. We are eating into our reserve stocks of meat, poultry, eggs, sugar, lard and canned goods. The public can be told that because, at the same time, we know our people will not starve. There is enough nutritious food for an ample though different diet, even if it doesn't include the things that you and I have been taught to like.

But the strange thing is that we run from rags to riches, from riches to rags, so quickly. Only a few months ago, we had more lard than we could store and some of it went to waste. We had so many eggs that whole trainloads of them rotted on railroad sidings, and, if the rumors around the Department of Agriculture may be believed a whole trainload of them disappeared into thin air on a busy day. It was only a few years ago that we were paying people not to produce sugar. Now we are so desperately short of it that only a few thousand tons in the national calculations may spell life or death for a small bottler or baker or candy stick maker who is already weary from the burdens of the war and may need only a final cut in quota to persuade him that now would be as good a time as any to quit.

I mention these sudden changes in circumstance to point out that the farmers of America deserve our highest praise for their wartime efforts. For eight years in a row they have been setting new all-time food production records. That's a long time for men to work and Providence to smile on their endeavors, but even that hasn't been enough to meet our unprecedented demands here at home—to meet the demands of a global war with the longest and most complex supply lines in history—and to help our fighting Allies and the peoples of war-torn liberated areas.

Actually our people ate so well last year, ate so far into our stockpiles, that we don't have much reserve now. And one of these years—it might be 1946—our luck in weather might fail—we could have too much or too little moisture in the corn belt and find ourselves with a poor crop of corn right when we would need it for feeding cattle, hogs and poultry. If that happens, we will be in real trouble.

No Policy Against Surpluses

That is why I have been telling the American public that mine will not be a bare-shelf policy for fear of surpluses. That's why I have stood as the apostle of abundant production and plan to do everything I can to help bring about the greatest yields the American farms have ever known. That's number one. And number two is closely related. I want to see the Government fulfill its promises on price supports to the farmer so that the farmer will be protected against the possibility that his very patriotism and hard work will become the instrument of his own destruction.

Let's talk about that just a little. When a manufacturer undertakes a contract for a 100,000 airplane parts, he knows that if the war should suddenly end or the plane model become obsolete, his contract may end but the Government contracting agency under the Contract Settlement Act would be available to pay him costs and a reasonable profit on the work done.

Has the farmer anything comparable? He has not. Yet his danger is greater. Raw material in the factory is available for other work and its use in the manufacture of needed war materials may stop immediately. But suppose the farmer has responded to the appeal to produce more of the poor man's meat, pork. His sows are bred, and if the war ends, they will still bring forth their litters of little pigs which the farmer will feed with grain that he now has planted to fill his bins and cribs. He can't turn off the spigot. When he goes into a crop year, he has to keep going. And

(Continued on page 317)

STATEMENT OF CONDITION

MERCANTILE - COMMERCE

BANK AND TRUST COMPANY

Locust - Eighth - St. Charles

ST. LOUIS 1, MISSOURI

JUNE 30, 1945

★

THE RESOURCES

Cash and Due from Banks	$ 78,897,732.96
United States Government Obligations, direct and guaranteed (incl. $73,860,904.80 pledged*)	197,176,471.28
Other Bonds and Securities	31,226,862.87
Demand and Time Loans	54,757,724.21
Stock in Federal Reserve Bank in St. Louis	525,000.00
Real Estate (Company's Building)	2,790,536.40
Other Real Estate (Former Bank of Commerce Buildings)	1,500,000.00
Overdrafts	5,659.62
Customers' Liability on Acceptances and Letters of Credit	1,731,482.90
Other Resources	106,522.31
	$368,717,992.55

THE LIABILITIES

Capital Stock			$ 12,500,000.00
Surplus			5,000,000.00
Undivided Profits			3,780,682.62
Reserve for Dividends Declared			437,500.00
Reserve for Interest, Taxes, etc.			1,553,333.77
Unpaid Dividends			2,896.55
Bank's Liability on Acceptances and Letters of Credit			1,731,482.90
Other Liabilities			90,151.66
Deposits, Secured:			
U. S. War Loan	**$ 56,849,425.59**		
Other Pub. Funds	**10,595,929.26**	**$ 67,445,354.85**	
Other Deposits:			
Demand	**$228,853,882.89**		
Savings	**47,188,158.25**		
Time	**134,549.06**	**$276,176,590.20**	**$343,621,945.05**
			$368,717,992.55

**All Securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to Secure deposit and fiduciary obligations.*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CANADIAN BONDS

GOVERNMENT
PROVINCIAL
MUNICIPAL
CORPORATION

CANADIAN STOCKS

A. E. AMES & CO.
INCORPORATED

TWO WALL STREET
NEW YORK 5, N. Y.

RECTOR 2-7231 NY-1-1045

CANADIAN
STOCKS

Bought—Sold—Quoted

CHARLES KING & CO.
Members Toronto Stock Exchange
61 Broadway, New York 6, N. Y.
WHitehall 4-8980

Pennsylvania Telephone Bonds, Pref. Stock Offered

Paine, Webber, Jackson & Curtis, and Stone & Webster and Blodget, Inc., headed an investment banking group which offered July 17 $5,500,000 first mortgage bonds, 2⅞% series due 1975, and 70,292 shares of $2.10 preferred stock of Pennsylvania Telephone Corp. The bonds are priced at 102½% and interest and the preferred stock at $55 per share and dividend.

The preferred stock offered is that portion of an issue of 70,292 shares which may not have been taken by holders of the $2.50 preferred stock under the company's offer of exchange on a share for share basis, with a dividend adjustment. This offer expires on July 30. All unexchanged shares of the $2.50 preferred are to be redeemed on or about Sept. 5, 1945, at the redemption price of $55 per share plus accrued dividends from July 1, 1945.

Proceeds from the sale of the bonds will be applied to the redemption of the outstanding $5,200,000 first mortgage bonds, 3¼% series due 1969. Any excess of proceeds will be used for general corporate purposes.

The new preferred stock is cumulative and is redeemable at $57.50 per share during the first five years from date of issuance and at $56.60 per share thereafter.

The new bonds are redeemable at the principal amount plus various premiums if redeemed on or before Jan. 1, 1975.

Everett McCoy With Thomson & McKinnon

(Special to THE FINANCIAL CHRONICLE)

INDIANAPOLIS, IND.—Everett F. McCoy has become associated with Thomson & McKinnon. 5 East Market Street. Mr. McCoy was formerly Indianapolis manager for Merrill Lynch, Pierce, Fenner & Beane and prior thereto was in business for himself.

"C.P.R."—Links Canada with the Four Corners of the World

We have prepared an eight-page pamphlet outlining the substantial financial improvement that has marked the operations of the C.P.R. over the past six years. This is illustrated by graphic comparisons of 1938 with 1944.

Copies of the new pamphlet gladly furnished upon request

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Toronto Montreal Winnipeg Vancouver London, England

Canadian Securities

By BRUCE WILLIAMS

The current controversy concerning the methods of certain Toronto securities dealers of selling Canadian mining stocks in this country, is assuming absurd proportions. Aggravated by growing sensational publicity, both here and in Canada, it has now become a problem that requires an urgent and constructive solution.

The fundamental facts are the following:

1. Canada has already afforded investors in this country immensely valuable stakes in mining ventures, which although highly speculative at the outset, have largely by the aid of American capital resulted in the establishment of internationally famous companies such as International Nickel, Noranda Mines, McIntyre Porcupine, Hudson Bay Mining & Smelting and Dome Mines, to mention but a few, which have returned handsome dividends.

2. Following the development of air transport, improved geological surveying and modern scientific prospecting, the more remote areas of the Dominion, and in particular, the northern section of the Pre-Cambrian Shield, a vast new mineral empire has been tapped.

3. The development of Canada's tremendous mineral resources is important not only to the Dominion but also to this country. In addition to the investment value, there is a growing realization that some of the basic, cheap cost mineral resources here are approaching the exhaustion point. For example great interest is now being displayed here in the vast iron deposits in Northern Quebec and Labrador in anticipation of dwindling supplies from the heavily exploited Mesabi field. For a similar reason, oil prospects in Alberta, The North West Territories and the Gaspe Peninsula have recently assumed a greater importance. Replenishment of war depleted reserves from Canada could also avoid involvement in international competition for oil in less stable and more distant areas of the world.

Consequently, it is in the best interests of both countries to find the best means to enable capital from this country to play its proper role in the development of Canada's vast mineral riches.

Instead of indulging in long range sniping, representatives of the S.E.C. and the legal departments of the various interested states should meet with representatives of the Ontario Government in a spirit of constructive cooperation in order to rectify the mistakes of the past and to lay a sound foundation for the operations of the future.

One step in the right direction would be the simplification of S.E.C. requirements for the registration of approved Canadian mining and oil issues in this country. This would assist the flow of capital into the proper channels—the treasuries of the companies for mining and oil development, and not into the pockets of speculators on the Toronto Stock Exchange.

Turning to the market for the past week, there was as anticipated a stronger tone with higher prices. High grades, however, continued in scant supply and the demand was largely unsatisfied. Albertas, on the other hand, were quite active and registered gains of from 2 to 3 points. There was also a brisk turnover in Montreals and Saskatchewans.

Internal bonds traded on a considerably diminished scale following the abrupt cessation of rumors concerning the imminent restoration of the Canadian dollar to its old parity. Mining issues continued dull but as soon as labor and machinery is available, there should be sharply increased interest based on actual results rather than prospects.

With regard to possible future developments, the scarcity of supply of external bonds is likely to have a restricting effect on the market. High grades when available make favorable comparison with similar domestic issues and should be readily absorbed. Internal bonds in the absence of supporting currency rumors could develop a reactionary tendency.

Public Utility Securities

(Continued from page 302)

In the calendar year 1944 Columbia reported consolidated earnings on the common stock of $7,256,086 or 59c a share, and this income may increase to around $1 after consummation of the plan and repeal of EPT, it is estimated. A dividend of 50c a share would then seem a reasonable expectation which might warrant an ultimate price for the new common of 10 or over (the stock is currently around 8⅛).

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
WHitehall 3-1874

CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

OUR REPORTER'S REPORT

Failure of Delaware & Hudson Railroad to attract a single banking bid for the $50,000,000 of first and refunding bonds offered in competitive sale on Tuesday proved a bit of a shock to investment market interests.

A number of reasons were advanced to explain the absence of banking interest in the issue. The most widely accepted of these appeared to be the conclusion of people in two groups, which had been organized, that they could not make the company an offer which would provide for any saving in interest charges.

Others, however, held to the belief that the backing up of several recent rather large undertakings marketed through competitive bidding had tended to "freeze" investment banking capital to some extent and that, accordingly, with several other large projects pending, such as American Telephone & Telegraph's $175,000,000 of debentures, firms did not wish to risk being further tied up.

Among the recent slow movers, it was pointed out, have been two railroad issues, Louisville & Nashville and the Texas & Pacific Railway, and one large utility offering, that of Portland General Electric. Good-sized blocks of these issues are still around with Texas & Pacific reported available on a 4% basis.

There were some 76 participants in one of the syndicates which finally withdrew from the race for the D. & H. loan and approximately 100 in the other. This line-up naturally represented a fair cross-section of market judgment.

Bethlehem Steel 2¾s

Ruling out the huge offering of the Federal Farm Loan Banks. the offering of $75,000,000 of Bethlehem Steel Corp.'s 25-year consolidated mortgage bonds, on Tuesday, topped this week's list of new issues.

Priced at 100½, the indenture provides a sinking fund which, beginning July, 1953 will be sufficient to retire 2% of the original issue annually. The bonds are subject to call for redemption in lots of not less than $5,000,000, at any time at prices ranging from 103½ to par.

Although discussion of the possibilities of early Japanese capitulation was persistent the bonds were reported away to a good start on public offering.

Watchful Waiting

With the Delaware & Hudson offering coming "a cropper" the investment banking world is all the more interested in awaiting the outcome of the open bidding for American Telephone & Telegraph's $175,000,000 of 2¾% debentures on next Monday.

There is no question of ability to handle this huge undertaking under the older order, that is by way of directly negotiated sale.

But there is some misgiving with regard to the ability of the banking world to muster two or more syndicates to go after a deal of this size competitively. Report persists, however, that two groups will be in the field so that the only thing left to do is wait and see.

Sharply Rising Curve

Data just released by the Institute of Life Insurance reveals that the life insurance companies have been progressively larger buyers of war bonds on each of the successive drives, with only one exception.

On the occasion of the Fourth War Loan Drive their purchases dipped to 1.7 billions from 2.12 billions on the Third Loan Campaign.

Such purchases recovered sharply on the Fifth Drive, mounted substantial in the Sixth Loan Campaign, reaching the unprecedented total of 3.2 billions in the drive just closed.

Special Offerings Mount

The Street is full of special and secondary offerings these days and firms undertaking such business appear to encounter little or no difficulty in placing the securities involved.

Bonds, or stocks which have been coming out in this way are largely of the seasoned character and well-known among investors and market operators.

The several large blocks of Standard Oil shares offered late last week are a case in point. These shares were snapped up quickly and underwriters were able to close their books almost immediately.

Province of
ALBERTA
(Canada)

Markets maintained on all issues, both internal and external

Direct Private Wires to Buffalo, Toronto and Montreal

DOMINION SECURITIES CORPORATION
40 Exchange Place, New York 5, N.Y.
Bell System Teletype NY 1-702-3

McNear and Hoelscher in San Francisco

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—Sherman Hoelscher has been admitted to partnership in McNear and Company, Russ Building, and the firm name has been changed to McNear and Hoelscher. Mr. Hoelscher was formerly a partner in Sidney P. Kahn & Co. and prior thereto was with Walston, Hoffman & Goodwin.

Mahlon Bundy Opening Own Investment Firm

ST. PAUL, MINN.—Mahlon C. Bundy has formed the M. C. Bundy Co. with offices in the Pioneer Building. He will act as President of the new firm. R. J. Newman is Secretary and Treasurer.

Mr. Bundy was formerly Vice-President of Greenman & Cook, Inc. Prior thereto he was an officer of M. C. Bundy Co. and Bundy & Park, Inc.

The Food Problem

(Continued from page 315)

when the surpluses come, there is no Contract Settlement Act for him.

That's why the farmer needs to know that the American Government means to stand by its promises on price supports. The Congress and the Department of Agriculture have been promising that for some time after the war their prices will be protected. The farmer has heard these promises and he wants assurance that their redeemer liveth.

It is to make this point certain that I have been urging that we total up our food needs, both military and civilian, and set that total as a production goal for agriculture in 1946, but that the military requirements be regarded as firm contracts or commitments. I think the Army and Navy will need the food, but if they don't the surplus must not be used to break the economy of the American farmer. It can much better be employed in relieving distress around the world.

So I have said, let us have abundant production of meat, of poultry, of sugar, of butter and eggs. Our present problems on each of these will admit of no other policy.

Take sugar for example. Our only hope right now is in increased production on continental United States. Cuba gave us her greatest sugar crop in 1944—more than 5,500,000 tons. Some of that was due to carryover cane which she could not harvest in 1943. Her 1945 crop was estimated at 4,600,000 tons, but when the grind began, we revised our figures steadily downward to 4,300,000, to 4,100,000, and the final result was under 4,000,000 tons. That threw off all our calculations. But we underestimated our industrial use by 480,000 tons and we were more than 300,000 tons off in calculating the home canning issuance by local rationing boards.

That's why we must be realistic about sugar, why editorials and advertisements need to tell and retell the story of our dwindling stocks. The man who wastes sugar today is the enemy of the American people, and you and I must check him if we can.

Help can only come from the American farmer. Drought has continued in Cuba until recently. The 1946 Cuban crop will likely be below the 1945 figure. Puerto Rico will do well to make a million tons and Hawaii cannot be expected to increase its already fine record. The sugar mills of the Philippines are apparently in fair condition. The largest one is intact, even to railroad lines and equipment. But the plantations may be growing back to jungle. Even if Java should be recaptured, its plantations may have gone back to jungle like the rubber plantations of Malaya are reported to have gone. The jungle is a ruthless enemy of man-made agriculture.

So on the American producer of beet and cane sugar we must pin our hopes for increased production and the protection of thousands of small businesses in 1946. And if the American farmer breaks his back and gives it to you, will you forget him if he needs protection in 1947?

Agricultural supports and the problem of farm prices are but a part of the whole question of pricing, which we know will be difficult as we move into the transition period from war to peace. None of us want run-away prices; down that path lies inflation. But if the producer can't be reasonably sure of profit, he can't produce, whether he be a manufacturer, a small business man, a corporation, an individual, a city-dweller or the everyday American farmer of whom I have been talking.

Subsidies

That brings up the question of subsidies. I conducted a hearing on meat problems in Chicago not long ago, and subsidies frequently figured in the discussion. Strangely, the producer wanted them paid to the feeder, the feeder wanted them paid to the packer, and the packer wanted them paid to the producer. No one class wanted them paid directly to itself. I have already started discussions with Will Davis, the fine Director of the Office of Economic Stabilization, as to the possibility of the eventual removal of all food subsidies. They have a tendency to stick. The metals subsidies were introduced to stimulate the production of metals badly needed for the war. Now we have ample stocks of metals, but the subsidy is still with us. The food subsidies may be as difficult to eliminate, but the job must be done, and if it is not to have serious implications for the producer it must be done when the demand is good and the price is strong.

When that day comes the Department of Agriculture will need the most valiant efforts of this group, but there will have been historic precedent for your assistance.

For the last three years you people have cooperated with the Government on win-the-war programs, including various programs dealing with the production and use of food in war-time. In your advertisements you have appealed to the American people to grow Victory Gardens, to preserve food at home, to volunteer for emergency farm work, and to do other things that will help produce food and use it as a weapon of war.

You people have done a great job in bringing about better understanding of the nation's food problems and what the public can do to solve them. The dollar value of space and time contributed has been many times greater than the actual expenditures of the Government in connection with food information programs. Even more important than dollar measurements is the patriotic spirit of cooperation which you have shown in devoting your outstanding talents to these win-the-war programs.

I personally am deeply grateful for the service you are rendering in the public interest, and I hope you will continue to promote the programs dealing with the production, preservation, consumption and fair-sharing of food. Right now we need continued appeals to see our gardens through. We need to keep on emphasizing the urgency of home food preservation—stretching the sugar allowance for home canning as far as it will go, and also drying, freezing, and storing such crops as are suitable for these methods of preservation. We need to carry to the public repeated messages on how to adapt eating habits to existing food supplies so that people can have the best possible meals with the foods that are available. We need continued emphasis on the importance of playing square with the rules of rationing and price ceilings so that everyone will have their fair share at a fair price. We are counting on you to get across the basic appeals that will arouse interest and stimulate the public to take such actions that will help both themselves and their country.

Producers Are Consumers

I have spoken of producers and consumers, but I do not like those words. They give a false impression; they create the picture of two different groups of citizens with opposite interests. As a matter of fact, the producers are the consumers and the consumers are the producers. Unless a man has food, clothing and shelter—which are articles of consumption—he can't produce. And unless he produces—assuming that he is not in a hospital, or in jail, or temporarily out of a job—there is no way under our economy by which he can continue indefnitely to consume. By and large I don't like any of the words that seem to divide Americans into specialized groups or classes—words like laborer, capitalist, farmer, business man or bureaucrat. We aren't a country of conflicting groups; there is hardly a household, hardly an individual, whose interests do not cross and overflow group boundary lines.

I am a typical example. As the owner of an 800-acre irrigated farm I am a farmer; as the owner of a small town insurance agency I am a small business man; as a Past President of Rotary International I am interested in business the world around. Since 1933 I have been eligible to be called a small bureaucrat, serving my State in half a dozen public capacities. And now, judged by the number of people in the Department of Agriculture, and the size of its annual budget, I could qualify as one of the biggest bureaucrats in the whole world.

How absurd it would be for me to talk about a "conflict" between American business and the American Government. How foolish for any responsible public official not to recognize that our greatest hope for the future lies in maintaining and strengthening that partnership between government and industry and agriculture and labor which, by its miraculous productivity, has made possible the victory of our fighting men and women around the world. The less we talk about conflicts and the more we talk about the profits of cooperation the better and richer we shall all be. The less we think in terms of groups and classes, and the more we think in terms of people, the sounder will be our thinking and our plans. This, I am confident, is the spirit of this national administration, as inspired and guided by its leader, the President of the United States.

I hope that you will not confine your efforts to the merchandising of the output of our factories but that you will as well turn your attentions to the products of our farms, that you will help those of us in the Department as we set new goals of consumption in these years that follow the war. America can be better fed. Millions of American youths who never knew what it was to have each day a generous portion of meat, a slice of bread and a glass of milk have come to like the nourishment that accompanies these foods. Through your art of advertising, through your skill in the creation of desires and the stimulation of wants, the advertising profession can prevent the development of the conflict that might come between the worker in the city and the operator on the farm. If there is full employment, if there is work at good wages, then there will be a demand for the fruits of American agriculture. Possibly in your hands, more than in the hands of the Secretary of Agriculture, is entrusted the key to a prosperous farm life in this great industrial land. You will lighten my burden and I am sure bring pleasure to your own tasks if you use well that opportunity in the period of agricultural adjustment and reconversion that faces us all.

NATIONAL BANK
OF DETROIT

Complete Wartime Banking and Trust Service

Statement of Condition June 30, 1945

RESOURCES

Cash on Hand and Due from Other Banks		$ 257,779,235.80
United States Government Securities		825,037,549.86
Stock of the Federal Reserve Bank		1,455,000.00
Other Securities		50,156,983.38
Loans:		
Loans and Discounts	$154,044,033.42	
Real Estate Mortgages	18,087,943.20	172,131,976.62
Branch Buildings and Leasehold Improvements		1,006,928.21
Accrued Income Receivable		2,746,806.62
Customers' Liability on Acceptances and Letters of Credit		2,021,010.37
		$1,312,335,490.86

LIABILITIES

Capital Funds:		
Preferred Stock	$ 8,500,000.00	
Common Stock	12,500,000.00	
Surplus	27,500,000.00	
Undivided Profits	4,734,035.80	$ 53,234,035.80
General Contingency Reserve		3,699,743.93
Deposits:		
Commercial, Bank and Savings	$975,934,881.20	
United States Government	238,935,418.18	
Treasurer—State of Michigan	11,413,085.10	
Other Public Deposits	24,198,594.24	1,250,481,978.72
Common Stock Dividend No. 22, payable August 1, 1945		812,500.00
Accrued Expenses and Taxes Payable		2,086,222.04
Acceptances and Letters of Credit		2,021,010.37
		$1,312,335,490.86

United States Government Securities carried at $271,905,767.84 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

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The Securities Salesman's Corner

By JOHN DUTTON

Last week we dropped into the office of a large and successful retail organization in Philadelphia just for a short visit. It was about three in the afternoon and the day was hot. The first thing noticeable when one entered this office was row upon row of empty desks. Walking into the manager's office in the rear, we greeted our friend and his not too busy secretary, with the words, "Are they all out working, or LOAFING?" He laughed, and said, "You know where they are—they're loafing."

Then he told me of his problem—the boys in the sales department have made too much money this year. Taxes are now so high from here on, that some of them say it doesn't pay to work and pay most of it out to the tax collector. Some of them are playing the market trying to make some capital gains for themselves. Others are on a three-month vacation and only come into the office once in a while to swap a few stories and call some of their larger accounts on the telephone.

We heard recently of a New York firm that received several hundred leads and inquiries from its advertising in the Sunday New York papers. The regular salesmen refused to call upon these leads stating that they had enough prospects and customers to keep them busy, and they didn't care to do this kind of work because they had made enough money and the tax collector would get most of the balance of their earnings for the year, etc., etc. This firm finally hired several absolutely "green men" and sent them out calling on these prospects, just so the leads wouldn't go to waste. (In our opinion this was a mistake from every angle, but that's another subject in itself.)

There is no getting away from the fact that present day tax laws, with their increasing "take" percentagewise, upon the earnings of all who are engaged in cyclical lines of business, are a great deterrent to continued and consistent effort. It is one of the inequities of the present tax laws that these progressively higher tax rates work an injustice upon those who are engaged in the securities business, where one year it may be very difficult for a salesman to make even a fair living, and in another year (such as 1945) he ordinarily should have an opportunity to make up for those lean years and lay something aside for the rainy day. Present tax laws don't leave much for that rainy day—the more you make the greater the percentage you pay—and war or no war, it's plenty!

As we see it, there is only one thing upon which we would insist in running a sales organization where conditions such as these prevail. We wouldn't tolerate vacations IN THE OFFICE. If a salesman wanted to take a month, or two, or three, away from his work, we'd tell him to go to it. But we wouldn't have him around the office busting up the morale of the rest of the organization who still desired to be on the job. We would keep business going and we would keep on the job for one reason if for no other—YOU CAN'T DO A HALF HEARTED JOB AND EXPECT TO HOLD YOUR GAINS OR INCREASE YOUR BUSINESS—LOAFING BECOMES A HABIT JUST AS WORK BECOMES A HABIT.

As we see it, nobody really knows what is going to happen a year or two from now. Tax laws may be changed or they may not be modified enough to matter much either way. Business may be good, or it may be just so-so, or even far below present levels. But whatever will be the state of business in the country one thing is going to be a certainty for those of us who are engaged in the securities business—WE ARE STILL GOING TO NEED CUSTOMERS IN ORDER TO CARRY ON OUR BUSINESS. Since customers die—move away—get sore at us—lose their money in bear markets and generally behave as cantankerous human beings, the best insurance we can accumulate for the future is to ACQUIRE AS MANY NEW ACCOUNTS NOW AS WE POSSIBLY CAN GATHER AROUND US. EVEN IF THERE IS NOT MUCH MONEY IN IT AFTER THE TAX COLLECTOR GETS HIS HUNK—AT LEAST WE ARE BUILDING UP SOMETHING OF AN ASSET EVERY TIME WE ADD A CUSTOMER TO OUR LIST. A salesman who has a clientele that nets him $10,000 per year has an asset worth $500,000 at 2% tax free interest. He can go from one firm to another and always get a job if he has the clientele—in fact he has his own business, and he is a chump if he doesn't keep nursing it along; even when the immediate urge to loaf on the job is as strong as it has become today.

Business Failures in June

Business failures in June were lower in number but higher in amount than in May and in June a year ago. Business insolvencies in June according to Dun & Bradstreet, Inc., totaled 61 and involved $3,198,000 liabilities as compared with 72 in May involving $2,208,000 liabilities and 110 involving $1,854,000 in June a year ago.

All groups, except the retail trade and construction groups which had the same number of failures in June as in May, had fewer failures in June than in May. When the amount of liabilities is considered only the wholesale and construction groups had less liabilities involved in June than in May.

Manufacturing failures in June numbered 19 with $2,420,000 liabilities against 26 with $1,771,000 liabilities in May. Wholesale failures in June were down to 4 from 6 in May and liabilities involved were down to $48,000 from $99,000 in May. Retail trade insolvencies numbered 28 the same as in May, but liabilities in June were up to $515,000 from $175,000 in May. In the construction group there were 5 failures in June as compared with 7 in May and liabilities were down to $81,000 in June from $102,000 in May. Commercial Service failures in June numbered 5, the same as in May, but liabilities involved were up to $134,000 in June from $61,000 in May.

When the country is divided into Federal Reserve Districts it is found that the Richmond, Atlanta, St. Louis and San Francisco Reserve Districts had more failures in June than in May, the Philidelphia and Cleveland Reserve Districts had the same number and the remaining Districts, outside of the Minneapolis and Dallas Reserve districts which did not have any, had fewer failures in June than in May. When the amount of liabilities involved is considered it is seen that the Boston, Chicago and Kansas City Reserve districts were the only districts that had less liabilities involved in June than in April, with the exception of the Minneapolis and Dallas Reserve districts which did not have any in June.

Proposes Post-War Transportat'n Survey

(Continued from page 301)

sey; Pehr G. Holmes, Massachusetts; B. Carroll Reece, Tennessee; Charles A. Halleck, Indiana; Clarence J. Brown, Ohio.

"While the whole committee will, of course, be called upon eventually to labor with this problem, the preliminary spade-work will be done by this Transportation Subcommittee. I have discussed the plans for the inquiry with members of this subcommittee and I am assured of their wholehearted support.

"The committee proposes to assume its responsibility as to these problems as promptly and effectively as their complexities will permit. We are preparing a list of suggested topics for consideration of all who may be interested in these problems. These topics are in no way intended to be exclusive of other subjects which may be presented. These suggested topics will be given wide circulation to operators of transportation facilities, shippers and shipper organizations, committees and associations with an interest in transportation, chambers of commerce and similar public bodies, and to Federal and State regulatory commissions.

"However, the committee will not only welcome, but invite, information and constructive suggestions from any other persons who may be interested in these problems. We wish to make it clear to the recipients of our invitations that they are not confronted by a questionnaire; they are at liberty to comment on as much or as little of the suggested agenda as they may desire. They must understand also that replying to our invitations will not necessarily involve their appearance before the committee.

"We would welcome these replies as soon as possible, but hope that they may all be furnished by Dec. 1st. The information and suggestions furnished will be carefully studied and analyzed for the use of the committee in consideration of proposed legislation.

"A quarter of a century ago, when Congress approached the task of turning the railroads back to their owners, after 26 months of Federal control, the problem faced was mainly a railroad problem. That is not so today. It is, on the other hand, a general transportation problem."

The Problem

Continuing his remarks, Congressman Lea added:

"Today we have the problem of a general transportation system—

(Continued on page 319)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 302)

this belief. Only one medium, the stock market, differs with the widespread opinion. Just take a look at the action of the plane stocks and the auto stocks, particuarly in the past three weeks, and you will agree that they don't act according to fundamentals.

* * *

The question therefore is, what is wrong? Why, if there is a tremendous auto backlog waiting for the motor manufacturers and practically none at all for the plane makers, why don't the stocks show it? A partial answer will be found in the belief that auto profits will no longer be limited to the Big Three, Chrysler, Ford and General Motors. You can expect that at least two plane makers will be in there fighting for a part of the business. Competition will therefore be sharper than before. But disregarding this opinion the stock market seems to say that the autos have either seen their highs or are close to them.

* * *

In the next few days the Street will be full of stories about the English elections. There are some who believe that the Conservatives led by Winston Churchill will be defeated and bring in a flood of radical changes which may be inimical to capital. I have no more knowledge of the election returns, or their results, than the next man, perhaps less. But I do know that British capital won't be asleep if the returns are bad. I don't, for example, believe our own market will be affected by any English political switch. On the contrary, if the Liberals win and social changes are indicated, it is quite possible that British capital will come into the American market with a vengeance. Of course there are exchange difficulties and regulations that prevent the flight from the Pound to the Dollar. But I have yet to see any regulation so stringent that there are no loop holes. So my advice is to forget the British elections so far as bearish ammunition is concerned.

* * *

To get back to our own market, there is little which occurred in the past week that is significant. Based on the action of the past five market days it begins to look as if the rest of July will be spent in backing and filling, with occasional spillovers such as you saw Tuesday. Some stocks look bad, others look good. Among the former, the motors, particularly General Motors, stand out. Among the latter, the steels, with U. S. Steel, continuing to show the best relative performance.

* * *

Though July, or what there is left of it, shows little, in the way of advance, August looks as if it will be a fairly good month for the bulls. Naturally this opinion is subject to all sorts of qualifications, or this column would advise buying additional stocks at current prices. But if present action continues it is not unlikely you will be advised to do just that.

* * *

Meanwhile keep your cash intact and hold positions in the stocks this column is committed to. These are as follows:

A. M. Byers, bought at 19 (current price) with a stop at 16.

White Motors, bought at 31 (current price about 29½) stop remains at 28½.

U. S. Steel bought at 56 (current price about 68) with

* * *

Flintkote, purchased at 29½, broke its stop of 28 on Tuesday's break. Gross loss was approximately 2 points. This deletion leaves you with the two stocks mentioned above.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Warren York Admits Fredericks and Smith

ALLENTOWN, PA.—Warren W. York & Co., members Philadelphia Stock Exchange, announce that Paul C. Fredericks, Jr., and Leland E. Smith have been admitted to the firm as general partners.

Mr. Fredericks has been with the firm for some time as manager of the Philadelphia office, Land Title Building. Leland Smith has been with the Allentown office, 530 Hamilton Street.

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NEW YORK 4, N. Y.
CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

And It Came to Pass

(Continued from page 299)

No. 13. In that letter the Executive Secretary of District No. 13 says, in part:

> "We should appreciate it very much if you would send in your ballot indicating your desires in relation to the proposal of the registration of salesmen and sales representatives."

It is needless to say that both of these communications, in effect, also urge upon the member firms an affirmative vote.

The extent to which the managers of the poll are actively concerned is best evidenced by the extraordinary circumstances that in order to accomplish their purposes, they are even prepared to issue duplicate ballots.

Of course, if the vote were truly secret, there would be no way of determining who voted and who didn't and hence, there would be no such thing as a possibility of issuing duplicate ballots because of the inability to ascertain to whom, if at all, these should be issued.

When we asked in one of our editorials whether it was the intention of the Governors of the NASD to get after non-voters, you can readily see, in the light of what is happening, we were upon firm ground.

Whilst thus far the only communications which have come into our possession, which try to influence the result, were circulated in Districts Nos. 13 and 14, we have no illusion that these are isolated opinions applying only to those numbered districts.

Whilst we have no definite knowledge on the subject, we venture the prediction that similar communications will be circulated throughout the country in all districts, to all non-voting member firms, so that their ballots may be corralled, and an attempted majority for the passage of the proposed by-law amendments influenced.

Nor will this be limited to written communications. As was done in the past, the telephone will be used extensively to influence voting and the tenor of the vote. This means that the brass hats will be trying to push through approval of their aims to regiment the industry at the expense of member firms.

In the letter addressed to the members who have not yet voted on the proposals in District No. 14, the following statement is contained:

> "No increase in fees is contemplated."

Well, perhaps the Chairman of District No. 14 can answer a few questions for us. Assuming that the average member firm, if the by-laws are passed, would be required to register five of its employees, salesmen, traders, partners and officers, isn't it true, since the NASD has over 2,000 members, that this would mean the registration of over 10,000 individuals with the NASD? Would it not also mean the necessary additional personnel to effect such registration, to keep records, to communicate with the registrants, to assort the data received, etc., etc., etc?

Would not all this entail a large expenditure? Would not it therefore be necessary to increase the annual budget of the NASD?

If, as the Chairman of District No. 14 says, no increase in fees is contemplated, where will the Governors get the money? Will they use the funds that were heretofore budgeted for other purposes? If they will, doesn't it come to the same thing?

If no increase in fees is contemplated for the immediate present, isn't it true, that the registration of so many individuals and the work that it will entail progressively will require increasing budgets from year to year? Even a current guarantee that no increase in fees is contemplated must be utter nonsense.

If it becomes effective so comprehensive a plan as the amendments proposed will create a large and cumbersome machinery of great cost which the member firms, of necessity, will have to finance.

Unless, of course, there is some idea of in some manner assessing the proposed registrants. That is not without the realm of possibility. With respect to this phase, there has been a singular silence.

To say that no increase in fees is contemplated is but a half truth. We should know what is intended with respect to fund raising insofar as the same affects the proposed registration amendments.

The more we envisage this intended regimentation, the more insupportable we find it.

Proposes a Post-War Transportation Survey

(Continued from page 318)

a system composed of important competing agencies including transportation by rail, highway, water, air and pipelines. Each of these types of transportation are capable of performing a service that in some respects has advantages over all of its competitors. The nation has the problem of coordinating these different types of transportation with a view of best serving the interest of the nation and with fairness to the competing agencies.

"At the beginning of the war, our country had 30,500 miles of navigable inland waterways served in peacetime by over 11,000 vessels; over 8,000 miles of coastal and intercoastal water routes competing with our rail and highway carriers.

"There are 1,302 railroad corporations in the United States, of which 136 are so-called Class I roads, operating 230,000 miles of privately-owned lines and terminals.

"From less than 10,000 miles of hard-surfaced highways in 1919, this country now has nearly 1½ million miles of such roads—230,000 miles of which have received Federal aid. 26,200 trucking companies and over 1,500 motor bus companies operate more than 5 million trucks and buses over this network of roadways.

"There are now over 3,000 airports in the United States; the Civil Aeronautics Authority has plans for 3,000 more. There are approximately 35,000 lighted airline miles.

"There is a vast network of pipelines throughout the United States. These facilities are being expanded and are a potent force in the changing areas of production and distribution.

"To a very large extent, all of these forms of transportation have been developed without proper coordination with each other. Each is constituted on a different economic base, yet each is highly competitive with the others.

"The public is paying a tremendous bill for all of these services, both through direct charges and taxation. The services of all these agencies intimately touch the daily life of every citizen. Those engaged in agriculture and industry are dependent on efficient transportation to move their products to consumers at the lowest possible cost. This nation cannot prosper and can scarcely exist without an adequate and efficient system of transportation.

"In the light of profound changes in the economy of this industry and its relation to the country, we must adjust legislation and administrative control to an entirely new set of conditions.

"Obviously, the primary function of all agencies is to render adequate, efficient, and convenient service for shippers and travelers at the most reasonable charges consistent with the most enlightened treatment of labor possible under any given set of conditions. Charges for services should be as low as they can be made without sacrificing the sound standards evolved from the experience of many years.

"Our committee is fully conscious of the extreme complexity of the problems involved in this situation and the difficulties of their solution. Our hope and purpose in engaging in this survey of transportation problems are summarized in the resolution which I have introduced today. We trust that our inquiry will result in "a consistent public policy fair to all competing agencies of transport, to the using and investing public, and to labor to the end that the country's commerce may be moved with the greatest possible degree of economy, safety, and dispatch."

The text of Chairman Lea's resolution follows:

Resolution

Resolved, That the Committee on Interstate and Foreign Commerce, or any duly authorized sub-committee thereof, be authorized and directed to investigate the transportation situation with a view to recommending legislation that will result in a consistent public policy fair to all competing agencies of transport, to the using and investing public, and to labor, to the end that the country's commerce may be moved with the greatest possible degree of economy, safety, and dispatch.

Sec. 2. The committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer oaths, to take such testimony, to procure such printing and binding, and to make such expenditures within the limits hereinafter fixed, as it deems advisable.

Sec. 3 (a) The committee shall have power to employ and fix the compensation of such assistants, experts, and employees, as it deems necessary in the performance of its duties under this resolution.

(b) The committee is authorized to utilize the services, information, facilities, and personnel of the departments and agencies of the Federal Government.

Sec. 4. The committee shall, from time to time, in its discretion, make such preliminary report or reports to the House of Representatives as it deems desirable; and shall, during the present Congress, report to the House the results of its investigation and study, and submit its recommendations.

We still say to all member firms of the NASD that the issue is a full and indivisible one and that the best interests of the public and the securities field will be served by voting against the proposed amendments.

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy any of such Debentures.
The offer is made only by means of the Prospectus.

$10,000,000

SKELLY OIL COMPANY

2¾% Debentures

Dated July 1, 1945 Due July 1, 1965

Interest payable July 1 and January 1

Price 101¾% and accrued interest

Copies of the Prospectus are obtainable from the undersigned or from any other underwriter of this issue.

Eastman, Dillon & Co.

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Kidder, Peabody & Co. **Hemphill, Noyes & Co.**

Riter & Co. **E. H. Rollins & Sons**
Incorporated

July 18, 1945

An Opportunity for Investment Brokers

(Continued from page 298)

winning World War II. Our workers have more than two and a half times the necessary tools to turn out products compared to the British, and when you attempt to compare what our group has with other parts of the world, other than Britain, it is really useless to make the comparison.

How did those workers get access to the tools in order to produce the things our people are now turning out? Government agencies or legislative forces that stand in the way of ample production will run into difficulty through economic and social chaos occurring in the United States. If you educate the people of this country about the enterprise system and get the people of this country who have accumulated savings back into an attitude of investing so that our production will continue, you will render a great service.

Mr. Forbes has spoken about the disinclination of people to put their funds into private enterprise and thus create more tools for workers to use. Why did they hesitate to invest during the thirties? Why are they hesitating now? Those are questions which you should be discussing. The answer to questions of that kind is what you should get before the public, in my opinion.

Since January 1942, our people in this country have accumulated liquid savings of $124,000,000,000. The last calendar year it was forty billions. The first 3 months of this year it was eight and four- of one hundred and twenty-four tenths billions. Since 1941, a total billions have been accumulated—net liquid savings.

Suppose I accumulated on my ranch in Texas 500 head of beef steers and had no market through which to trade them. In the first place, I would be foolish if I did that without any market. In the second place, an accident might occur and I might die as a result of it—and then what? Who would want the steers? How would they be sold? It is important to have a market for trading. In that connection, I have expressed my admiration for stock and commodity exchanges. They create a means of liquidating my holdings, if I want to do so. I am not interested in holding beef steers or pork on the hoof or wheat in the granary if there is no means of my liquidating it. I am not interested in owning a security, if there is no means whereby I can liquidate that security.

Make the Public Understand

Do our people understand the fundamentals expressed in those thoughts? I am afraid that millions of those who would have participated in this accumulation of savings for the last 4 years do not understand all that is involved. Therein is your job as brokers to make them understand. You implement the market—you furnish the mechanism through which they can liquidate. You make it possible for those wheels to turn around. I do not think you have met your responsibility to the public insofar as educational work is concerned.

You may say that you do not have the necessary income from your job, from your commissions, to enable you to do this educational work. If that is true, then I insist that your remuneration be increased because I want a market. I want a free market. A member of the exchange said to me this morning that you can let these great difficulties appear momentarily but the people will soon take care of those difficulties and equalize the situation, if the public is free to act. But if you do not permit this freedom, and attempt to do the thing through planned economy, you will create a bad situation which may be perpetuated 5, 10, 15, or 20 years until we go through the wringer and the pressures work it out. Do you get what I mean?

The less our people understand about this machinery of exchanges, the more that public misunderstanding or lack of understanding will be reflected through Federal acts of Congress, and thus greatly circumscribe our activities and take away from us the freedom which we should have, and thus generally interfere with the free-enterprise system of this country. If you do not go to Washington from time to time and make yourself known to the House and Senate Members and in turn tell them the truth, not only today but tomorrow and next week and next month and next year and forever after tell it to them, never letting them forget what you say—if you fail to do that, why do you expect any consideration in either the House or Senate committees? If someone is going down there to poison the committee against your operations, and if your operation is decent and in harmony with American ideals and situations and you never go there and offer something as a substitute, why should you blame the Members of the House and Senate for following bad leadership? You should go to Washington, even when there is not up for consideration something that you are particularly interested in. You should go down there and take an interest in the fellow who represents your district and your State, so that when he thinks of production of foodstuffs, of clothing, or anything else, he will automatically think of someone who will make an investment through the stock-exchange machinery so that our machinery and tools may be provided and also working capital and somebody given a job so the goods may flow from the production line. If his mind does not go through with the flow sheet, then he does not comprehend the wheels of American enterprise.

Educational Responsibility of the Industry

Who is to do that job? In my opinion, the brokerage man and the commission man are the people who are best equipped to do that. If I sit down there on a committee that has a lot to do with American industry, and if I am friendly to the enterprise system, I am entitled to your respect and confidence and to information from you so that at any moment if an adverse proposition comes before the committee or in the discussion groups or on the floor, I can defend you with the most up-to-date information available. If I am unfriendly to you, it is up to you to make me friendly. That is your responsibility. I do not mean to say by that that I would excuse anyone that is unfriendly to American enterprise. I do not excuse them. If you would sit in on our sessions, you would find out that I do not excuse them because I am very extreme on these matters and at times I get very bombastic about the situation and say some very cutting things. I have no sympathy with a philosophy which opposes investment or production. I go so far as to make it very clearly understood what my position is. But I am depending upon you for information at all times, from this end of the line, and if I do not get it, it is your fault—not mine—because the facts constantly flow before you and you should send some of them along to me. You should know every Member in the House and Senate who has a friendly attitude towards your industry. If you do not know them, that is your fault, because no public official that I know of is unconscious of the fact that he is elected by the people. If an elected public official is so dumb that he does not recognize the voting power of the people, then God help him! There is no hope for him. If he does recognize that people elect him, then he properly evaluates public information. Therefore, he is responsive to public information and you are the ones that should make public information with respect to this particular industry. The farm spokesman should make public information with respect to farming. The steel man steel. The oil man oil.

I can well understand why Mr. Rockefeller made that statement to Mr. Forbes about "Do the right thing and let the public know you are doing the right thing." If you don't toot your own horn, with respect to this particular industry, who is going to toot it? You cannot often enough say these things to Congress. Congress is in a continual flow. A Member of the Senate and House must deal with 15 or 20 different subjects a day. A Cabinet member said to me as late as day before yesterday: "If I decide to spend 5 minutes on some particularly important subject and start out to do so, before I can get rid of that, a dozen more things come into my hands—entirely disassociated matters." Why? Because we are serving the public. But that does not excuse you from placing before me facts pertaining to your industry.

Investment Marketing Reorganized

You have gone through a great reorganizing process here in the last few years—the Securities Exchange Act. Personally, I think you have at the head of your stock exchange now a model, capable Government employee. I mean Mr. Emil Schram. I said so when the change was made. I am not intimate with this gentleman—we do know each other, however. But you recognize forces when you see them. Nobody has to apologize for the job he has done since he came here. I looked at him a while ago and admired his youth, because I comprehend some of the job that is ahead of him. You take the educational program that he is promoting. You cannot get into that quickly enough. There is an unlimited field in which you can work.

Take the work of this league headed by Mr. Forbes. The first time I heard of it, I was in my district. Some fellow called me up from the hotel and said he wanted to speak with me. He talked to my wife. I got in touch with him and he told me about the league. I told him I was interested in it because it was educational. Investors Fairplay League. Fair play. If I could

This is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

New Issue

$75,000,000

Bethlehem Steel Corporation

Consolidated Mortgage Twenty-Five Year Sinking Fund

2¾% Bonds, Series I, due July 15, 1970

PRICE 100½% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Bonds in compliance with the securities laws of the respective States.

Kuhn, Loeb & Co. **Smith, Barney & Co.** **Mellon Securities Corporation**

Harriman Ripley & Co. Incorporated **Blyth & Co., Inc.** **The First Boston Corporation**

Union Securities Corporation **Goldman, Sachs & Co.** **Hemphill, Noyes & Co.**

A. G. Becker & Co. Incorporated **Eastman, Dillon & Co.** **Hornblower & Weeks**

Lee Higginson Corporation

July 17, 1945

get into politics and into Congress one-fifth of the fair play that you have in industry—between the wholesale jobber and the retailer—between you and your customers—between the man that represents your particular product and the fellow who buys it from him. You fellows have really learned how to develop fair play. You know how to make obligations over the telephone and carry them out. You don't have to have a long written document. You live up to those obligations or you pass out of the picture from unfair dealing.

The public doesn't know that. People who have never had practical experience do not know how industrial transactions are conducted.

Here you have twelve to fifteen million young men and women who are going to come back to civilian life. Keep in mind that they grew up primarily during the last two decades. What are you going to do with those people when they come back? There is an untouched field. Few of them know anything whatsoever about investments and how the wheels go around. Yet that group, I hope, will control this country. I prefer to have the forces of the country in their hands above the group that has been here. You will say, "They are young." Well, they have lived 50 or 60 years within 4 years. They have been abroad and have seen what goes on in other countries. When they come back here, I am ready for them to take over the forces of the United States. If we cannot trust them, whom can we trust? They will come back into politics and industry and all the walks of life and start out. What road will they travel? A free market road or the Government-owned road? You are going to have something to say about that. You should have a program ready to place in their hands.

Take the other group who have been here at home during the past four years and who have received these Government checks which has enabled $124,000,000,000 to be saved. What do they know about investment? You have to tell them. Therein is your educational opportunity.

I said to Mr. Forbes' man last night, "Mr. Jackman, I hope you have these open discussions in every region of the United States just as quickly as possible."

People have been saying to me, "There is no longer any opportunity of consequence in the United States where our people can invest their savings. We hope to have them export their capital from the United States to the other countries of the world and build buildings, put in machinery, and supply tools." I said "That's fine as far as you go. Then what?" "We are going to bring the standard of living up in the other parts of the world." Yes, but in the meantime, what are you going to do about employing 60,000,000 skilled workers in this country?

Mr. Truman made this remark in his home town yesterday: "My duties: No. 1, win the war with Japan; No. 2, win a peace that will work. That is all I shall devote my time to from now on."

A member of the House came back from a world tour the other day, having visited 30 different countries, and he made one of the most beautiful and entertaining speeches I ever heard on the troubles of other countries and other people. I was on the floor and I referred to that in this way: "I enjoyed my friend's speech. I love to hear him talk. But, incidentally, we have some problems in the United States with which to deal. God Almighty doesn't expect me to work out all the problems of my friend from Michigan. God expects me to work out my own salvation and that of my family. The British and the Russians and the Chinese will have to work out some of their own problems. There is something to be done in the United States."

Free Enterprise Needs Investors

If you have the free-enterprise system and then let it die by permitting our people to fail to invest the necessary funds in this country's enterprise required for our expanding economy we shall thereby cause unemployment and social unrest under such conditions, where do you think the work of Mr. Truman will land with the world peace? In my opinion, it won't amount to a hill of beans. The foundation of all peace is for our people of this country to receive what they conceive to be social and economic justice reasonably satisfactory to the people of the United States. In the absence of that, what have you got? You have an accumulated debt of $300,000,000,000. You have a young force coming up that will not have the form of government under which we older ones have lived. The relations with other countries will break down, the Bretton Woods, the San Francisco Charter, all of it will go out of the window if we have great social unrest and unemployment. We have got to maintain some sense of balance here in the United States.

You take any young man or woman who is in the service. How can they fall in love and build a home and raise and educate a family under the tax burden imposed upon them by a $300,000,000,000 debt? They will give you some hot answers pretty fast. Suppose a man earns five or ten thousand dollars a year. What has he left after living and paying taxes? You say taxes will be reduced. Maybe they will. We may increase them. When I say "We may increase them," I mean our errors may force an increase. You have the job of inducing our people to invest in the capital structures of present and prospective industry whatever funds are necessary to maintain reasonably full employment in the United States. To me, that is your biggest job. You have to do educational work along that line. You have to do whatever is necessary to educate the public to have a respect for stock and commodity exchanges. You have a lot of people in Congress who have not too much respect for them. I am sorry that that situation exists. But I think you can correct it. You have your ethical rules and just regulations. I don't know how they can be improved upon. Altogether, however, I think you are doing a pretty fine job in that respect. But I do not think you are paying enough attention to this question of public relationship. I don't think you have ironed out all your difficulties here as between the exchange and the customers.

Free Enterprise Requires Free Markets

We have sufficient situations in Washington to prove conclusively these truths. If this enterprise system is to survive, you have got to have free markets. How free can they be, and if they are free, then, as Mr. Schram pointed out, you are going to have an accident once in a while. Somebody is going to get out into the road and get hurt. But there is no reason for the road to be destroyed because some fellow had an accident. In the presence of freedom, we can afford an accident once in a while. How much freedom are we to have?

There have been a lot of discussions on this matter in the last 3 weeks between our committee and Mr. Bowles. I have repeatedly said that it is my opinion that just from the present flow sheet you will have OPA regulations anywhere from 3 to 10 years. Why do I say this? Because where the public—you and I—have built up in our own minds a conception that we must have a Government agency controlling our affairs to prevent you and you and you taking your cash and credits and converting them into goods and chattels, etc.—a Government agency standing here ready to serve that prevents us from making that conversion—and if you are to justify that that Government agency is to stay as long as you have those credits and currency at your command, how long do you think you will have an OPA?

If you are of the opinion that a Government agency must be maintained to prevent that, as long as you have buying power at your command, then the OPA will go on. Let us get rid of the philosophy and then you can rid yourself of the controls.

How can you move $200,000,000,000 worth of buying power back into the market and do it quickly, simultaneously with reasonably full employment and high wages and salaries as under our present concept of paying the fellow for what he produces and all without great price inflation? Suppose in the calendar year of 1946 we produce $150,000,000,000 worth of goods and services, and the employees receive wages and salaries incident thereto and still hold in their hands $200,000,000,000 worth of buying power, which gives you $350,000,000,000 worth of buying power to buy $150,000,000,000 worth of goods.

I contend that if we have reasonably full employment and you and you and you have wages coming in, then it becomes unnecesstry to cash in your War Savings bonds. You can let those bonds run, thus making it unnecessary for the Treasury to refund. I contend that under full employment there is no reason for you to liquidate the Government savings bonds you have. Reasonably full employment will answer at least a half a dozen great difficulties that will face us if we do not have reasonably full employment.

You have an opportunity to do some educational work on that particular phase. We go out and sell savings bonds to the payrollees and say to them that after the war they can cash them in and buy what they want. Why do we preach such philosophy? You cannot cash in and buy unless the goods are there to be bought. Go to the automobile industry, the refrigerator, and the household industry, and try to find goods to buy. If you cash in your bonds, where is the Treasury to get the money to cash those bonds with? Either from the printing press or the commercial banks. We do not want the dollars from either source because either increases the inflationary forces and makes it even worse than it is now. Do you see what I mean?

Suppose I take my savings and place them through the stock exchange into the capital goods structure and build a new plant to produce civilian goods and employ 1,000 people instead of taking those savings and buying some new household gadgets. That is the course you should be pointing out to the people of this country right now in every way that you can. That is, invest and employ and produce until we again have the goods.

What have you as a group done to teach the people of this country what freedom in the market place means? Show me a bulletin that you have issued. Show me an advertisement that you have run in the daily papers of this country. You have members who have put out a lot of perfectly grand individual discussions in this line, with limited circulation, going to a very highly intelligent group. But what have you done to educate the masses along the line I here mention? Send me copies of it and I will use it on the floor and try to advertise it for you. If you have not done such a thing, do you have a committee doing it? If your present income will not permit you to do so, then raise your fees, because I want a market place to liquidate securities if I am forced to do so. And I am depending on you for that market place. If I want that market place, I am willing to pay for it.

Close Books on Offering Of Fed. Farm Loan Bonds

Public offering was made July 17 by the 12 Federal Land Banks through Charles R. Dunn, their fiscal agent, at 100⅝%, of $176,000,000 1½% consolidated Federal farm loan bonds dated Aug. 1, 1945, due Oct. 1, 1950, and not redeemable before Oct. 1, 1948. The bonds are being distributed on a nation-wide basis through a large selling group of security dealers and dealer banks.

It was announced the same day that the bonds had been heavily over-subscribed and the books closed.

Net proceeds from the sale, together with cash on hand, will be used to pay notes in an aggregate amount of $172,300,000 held by the Federal Farm Mortgage Corporation; to retire approximately $2,950,000 of the capital investment of the United States in the Federal Land Banks; and to purchase approximately $6,000,000 of mortgages and real estate sales contracts from the Federal Farm Mortgage Corporation. The borrowings from the Federal Farm Mortgage Corporation were effected to provide a portion of the funds needed to retire on July 1, 1945, all the outstanding consolidated Federal farm loan 3% bonds of 1945-55, amounting to $230,000,000, and to repay part of the Government's capital investment in the banks.

The consolidated bonds just offered are not Government obligations and are not guaranteed by the Government, but are the joint and several obligations of the 12 Federal Land Banks which operate under Federal charter and under the supervision of the Farm Credit Administration, which is under the general direction and supervision of the Secretary of Agriculture.

With Hemphill, Noyes Co.

(Special to THE FINANCIAL CHRONICLE)

INDIANAPOLIS, IND.—Wendell Sherk has become associated with Hemphill, Noyes & Co., Merchants Bank Building. Mr. Sherk was formerly head of Sherk & Co., Inc. for many years.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUES

Bausch & Lomb Optical Company

50,000 Shares 4% Cumulative Preferred Stock

(Par Value $100 per Share)

Price $104 Per Share and dividend accrued from July 1, 1945

152,500 Shares Common Stock

(Par Value $10 per Share)

Price $23 Per Share

This announcement relates to such of the above shares of Preferred Stock as are not exchanged for shares of outstanding Preferred Stock under an Exchange Offer made by the Company to holders thereof dated July 16, 1945 and to such of the above shares of Common Stock as are not issued under a Subscription Offer of like date made by the Company to its stockholders and to shares subscribed for by Underwriters.

Copies of the Prospectus may be obtained in each State from such of the undersigned as may legally furnish the Prospectus in compliance with the laws of such State.

Stone & Webster and Blodget
Incorporated

Blyth & Co., Inc. **The First Boston Corporation** **Goldman, Sachs & Co.**

Kidder, Peabody & Co. **Lehman Brothers** **Mellon Securities Corporation**

Smith, Barney & Co. **Union Securities Corporation**

Paine, Webber, Jackson & Curtis

July 17, 1945.

How to Get More Employment

(Continued from first page)

working conditions for the vast majority of American wage earners.

Let me comment briefly on each of these three programs, which I will call the "Labor Follies of 1945." They are:

1. The Folly of demanding more pay for less productive work.
2. The Folly of refusing to have a legal obligation imposed on both employers and employees to settle labor controversies peaceably.
3. The Folly of trying to make it illegal for employers and employees to exercise a freedom of choice as to their associates and co-workers.

Probably these criticisms will put me in the labor doghouse reserved for reactionaries and renegades, despite the long years of service I have given to the cause of organized labor, and despite my deep conviction that the welfare and progress of the entire nation depend upon, and must be measured by, the welfare and progress of the wage earner. But, because of this conviction, I feel it necessary to protest as earnestly and noisily as I can against delusive schemes to benefit labor which will have more unhappy results than investing in gold bricks or Japanese bonds.

1. More Pay for Less Productive Work.

The first Folly is to demand greatly reduced hours of work, with no reduction of earnings. This is supposed to be the way to provide work for more workers and thus to take care of an increasing number of unemployed, without any loss for any workers.

There are two fundamental weaknesses in this program: **First**, a nation-wide reduction of hours with increased rates of pay must increase labor costs, which are the major costs of all production, so that higher prices will promptly follow. Higher prices mean a reduced buying power of money. Therefore, when the wage level rises throughout the country, without an increase in quantity or quality of production, the cost of living must rise and higher wages will buy no more than previous lower wages.

The only way whereby a policy of higher wages and lower prices can be maintained is through increasing the productivity per man-hour of labor. Therefore, shortened hours and higher pay, with no increased productivity, bring nothing but inflation, that is, rising prices with a diminishing value of the dollar.

The **second** objection to this program is that it can't be carried out, even with government support. Our government has been able to establish a 48-hour week, with 8 hours' overtime pay, as a wartime measure. The increased costs thus forced upon manufacturers have been met by increased prices; and, since our government was the biggest customer in the world, these prices could be paid out of taxes and money borrowed on bonds. But, with the end of dominant government spending, and with a strong revival of competition (which is a government policy supported by organized labor, and is fundamentally a sound policy), employers are not going to pay for any more overtime than is absolutely necessary. The loss of earnings from a general reduction of overtime pay will be too large to be made up by increasing straight - time pay. Nevertheless, such an enormous and impossible wage increase is being widely advocated by labor organizations. Let's look at a few hard figures and see just what we are talking about.

I admit that statistics are an annoyance in a speech or an argument. It is much easier and more amusing to talk glittering generalities. But my statistics reveal some exciting facts.

The official reports of the United States Bureau of Labor Statistics show that in the present year the average weekly earnings of factory workers were approximately $47.50; and the average weekly hours were about 45½. This meant average hourly earnings of nearly $1.05, when average straight-time wages were about 90c an hour.

If straight-time wages were retained at an average of 90c, and if the work-week, without overtime, were reduced to 40 hours, the average weekly earnings would become about $36—quite a drop from $47.50. On the other hand, in order to retain weekly earnings of $47.50 for a 40-hour week, it would be necessary to raise average straight-time pay from the present average of 90c to nearly $1.20 an hour. This would call for an average 33% increase in wages throughout the country. Such a wage increase, followed by a corresponding price rise would make every dollar in savings banks, war bonds, or insurance policies worth less than 75 cents. So, the wage-earners would gain nothing out of their wage increase and lose part of all their savings.

Now let's consider what is really going to happen after the war and during reconversion. There is of course an enormous demand for things which have not been produced during the war. It should be possible to re-employ all workers released from war industries and to re-employ all returning soldiers, if a few million temporary war workers retire permanently from the ranks of wage earners. Millions will undoubtedly be retired; many at their own desire and others because of an incompetence which would never permit their employment at standard wages in competitive industry. Therefore, we can assume that, despite a good deal of temporary unemployment, it will be possible for a time to re-employ all the available competent labor, if labor productivity is maintained or increased and the general wage level does not seriously rise. But a marked rise in the wage level, without increased productivity per man-hour, will blight the post-war revival of business in a short time. For a period, there will be a strong consumer buying power resulting from savings, which will support the obvious demand for new goods. But this buying power and this imperative demand can only be maintained for a prolonged period of peace through maintaining or increasing the value of every man-hour of production. It is just as inevitable as the sunrise that if the average work-hour produces less goods at the same or greater dollar cost, every dollar of wages or savings will buy less.

So, as we produce less and gradually buy less, we will steadily be going down hill into the depression which has followed every great war, and which will be simply accelerated by a program of less work for more pay.

Perhaps the normal post-war depression (customarily following a false dawn of prosperity) cannot be avoided. But certainly the only program which would hold out any hope of avoiding another great depression would be a program of increasing the productivity of the average man-hour throughout the nation. Then, with more goods available at lower cost, the maintenance of a sustained demand might be possible and the stability of employment definitely prolonged.

It has been my intention, in discussing the first program of folly, to lay the groundwork for understanding the equal or greater folly of two other favored programs. You can listen to arguments for days, which will change few opinions, on the question of the relative effects of low prices or higher wages upon our economy. I have tried to avoid boring you with an elaborate argument in favor of my point of view, and so have left myself vulnerable to attacks by the economists of other schools of thought. I would only say, in concluding the discussion of this subject, that I have read several hundred dull and authoritative books discussing these issues, and I have written a few myself! And I have come in the end to a few simple conclusions. One is that the wealth of a nation depends on the volume and efficiency of its production. Another is that unless higher wages mean lower prices—that is, unless the pay for an hour's work will buy more or better goods—the wage earners are simply being fooled when they gain a general wage increase. A third thing I have learned is that borrowed money has to be repaid; and a prosperity based on borrowed money is bound to collapse unless the borrowers are willing to work hard enough to pay their debts in addition to earning a decent living.

According to these convictions, I do not see how the American people can expect to enjoy easy times for many, many years; and the effort to delude the masses of the people into thinking that, when the war is over, they are going to live better and work less, is a confidence game of majestic size. Many of the discomforts and annoyances of wartime should disappear with the end of the horrible, tragic suffering that war brings. But, unless the American people understand that they will have to work harder than ever before in the next 20 years in order to enjoy a decent living, they will go rolling down the easy descent into a great depression without any effective effort to save themselves until such evil times are upon them.

Of course we have always one hope; that our scientists and inventors—our brain trust at which we love to sneer, but to whom we look for salvation—may create new mechanisms and devices whereby our production per man-hour can be enormously increased. Then we may achieve the miracle of higher wages and lower prices in such miraculous proportions that we can pay our debts, support our vast charities, and still live fairly well. I pray that this may happen, but it is not safe to count on it!

2. Refusal to Accept a Legal Obligation to Settle Labor Controversies Peacefully.

Now, with some understanding of the economic problems we are facing, and of the essential folly of the program to get more pay for less productive work, let me turn to the companion folly of continuing to relieve organized labor and private management of any legal obligation to settle their controversies peacefully and without stoppages of production. It should be obvious from what I have said heretofore, and it will be generally agreed, that the maintenance of a maximum of production is a most urgent need in the coming years. But how is such production to be maintained in the midst of a renewed and intensified civil warfare between employers and employees? How is production to be maintained when management cannot make a contract to deliver goods except subject to nullification by a strike? How is it possible to maintain production when management control of a work force is disputed, not occasionally, but daily; and when the continuance and efficiency of production is determined by the wisdom or foolishness of labor representatives who vary in character from responsible citizens to selfish labor politicians and on down to racketeers and criminals?

For these conditions, the remedy is obvious. This involves no puzzling questions of economics, no difficult theories of finance, none of the mysteries of a monetary problem. This problem has its solution in the world-old and well tried means of preserving law and order and enforcing a responsibility to the public interest.

We have an administration of justice. We have laws by the thousands, and courts by the hundreds to enforce them, so that all the differences of interest between men can be adjusted, and so that injuries can be redressed and crimes can be punished. When men work together, they do so under the terms of contracts, either written or verbal, and commercial contracts are enforced by law. But, when we enter the field of labor disputes, we find disregarded all the machinery of law and order, all the principles of fair dealing between man and man, all the authority of the government to protect the public interest. We find established as a principle, with much misplaced pride, that employers and employees shall be free to fight out their differences with fist and club, no matter how much suffering they force upon each other and upon the communities in which they live.

We are today engaged in a tremendous effort to provide the means of preserving international peace, after the worst, most devastating and widespread war in history. Yet, while the country is practically united in the desire to see a machinery of international peace established, we have not undertaken the much simpler task of insuring domestic peace in the United States. All we need to do is to provide a governmental machinery for the negotiation, conciliation, and eventual arbitration of labor controversies, and to insist that labor controversies be settled in this peaceful manner, in order to end an era of civil warfare in industry which has disgraced this and previous generations, and should be found intolerable by the oncoming generation.

Without going into a long discussion of a desirable law to promote industrial peace, I will call your attention to the proposed Federal Industrial Relations Act which is now before the Congress, in the shape of a bill introduced in the Senate on June 20th by Senators Hatch, Burton, and Ball. If you hear outcries from organized labor and from organized employers, both denouncing the bill, you can be very sure that it deals fairly and impartially with both interests, and is devoted primarily to the protection of the public interest. I venture to assert that the interests of the masses of American workers and American businessmen are not represented by those "friends of labor" who are unwilling to have the organizations of wage earners accept the responsibilities that go with the power which they have, or by the organizations of businessmen, who oppose equally labor organization and the acceptance of public responsibilities by employers. Whether the opposition of such persons is blind or selfish, it is not grounded in either good common sense or good social morality.

3. Fair Employment Practice Acts.

Now I would turn to a third program of folly. There is a nationwide demand for state and federal laws, which are commonly called "Fair Employment Practice Acts," which have the noble objective of preventing discriminations in employment against persons because of "race, creed, color, national origin, or ancestry." The bill for this purpose now pending in Congress is subject to the same sort of criticism which would lie against a national prohibition act. The objective may be noble; but the legal enforcement of a moral rule whch is not generally acceptable is a tyrannical abuse of political power.

We can all agree that it would be desirable to stop unjust discrimination against persons because of race, creed, color, national origin or ancestry. But it

This announcement is neither an offer to sell nor a solicitation of any offer to buy securities. The offering is made only by the Prospectus.

NEW ISSUE

The Hecht Company

56,000 Shares 3¾% Cumulative Preferred Stock

(Par Value $100 Per Share)

Price $103 Per Share

plus accrued dividends in the case of shares delivered after their date of issue

A copy of the Prospectus may be obtained within any State from such of the Underwriters as may regularly distribute the Prospectus within such State.

Goldman, Sachs & Co.

July 17, 1945.

is practically impossible to draw any legal line between the doing of an injustice, because of an unwarranted prejudice, and the exercise of a fundamental freedom to choose one's co-workers and associates. The effort to prevent and punish by law what is called "discrimination" will certainly interfere drastically with the creation of competent, efficient, harmonious business organizations. It will certainly provide an excuse for every incompetent or otherwise unsatisfactory employee to threaten a lawsuit if he is discharged, or if he is not advanced according to his own estimate of what is due him.

According to the bill now pending, such a law will also give to persons whose employment has never been invited or desired the right to claim that they are being unlawfully refused employment. There is no defined class of "employees" in the Federal bill, so that if an employer were considering hiring anyone, from an office boy to a general manager, he would act at his peril in rejecting the application of a man who might claim that he was discriminated against because of his race, color, his creed, or ancestry. Strangely enough the promoters of this law do not outlaw discrimination because of sex; but women as well as men could claim that any one of the other discriminations had been practiced. However, in order to make the law a perfect absurdity, it should include a prohibition of discrimination because of sex or age or halitosis. A person should not be deprived of a job because of the misfortune of being a woman, or being young or old, or having a bad breath!

If this hurdle of employing a work force is safely passed and all new employees, after the enactment of the law, have been **legally** hired, despite the protests or demands of others who wanted the jobs, then, not only must every discharge be made at the peril of the employer, but any discrimination "in compensation or in other terms or conditions of employment" may be attacked on the theory that it is a violation of law.

It is wonderful to contemplate the difficulty of building up and maintaining a good organization, with such a threat of lawsuits hanging over the management every hour of the day, as though a sprinkler system had been improperly installed and might produce a deluge at any moment!

Of course, it can be assumed that most persons who want to retain a job and be advanced will hesitate to file a legal complaint against their employer as the means of proving their value to him! Nevertheless, every large business must be engaged continually in hiring and firing and in changing the compensation and conditions of employment of its various employees. So there will be plenty of disgruntled employees to keep a Federal board and thousands of investigators busy all the time. And in every large business, we can assume there will be an alert labor organization which will receive a stream of complaints from its members which it will prosecute diligently.

We have had enough experience with the National Labor Relations Act to know how grievances of incompetent and untrustworthy employees can be twisted into claims of discrimination because of labor union activity. But at least that law deals with specific practices as to which evidence can be taken; and the objective of the law is not a complicated effort to interfere with **all** exercises of managerial authority and to give **indefinite** rights of complaint by employees against **any** sort of individual treatment which can by any stretch of the imagination be ascribed to prejudice.

It can be safely asserted that Fair Employment Practice Acts will provide the most disorganizing, deteriorating influence on private enterprise that has yet been devised. I do not claim that this program originated in the secret plotting of Communists, scheming night and day to find new means of undermining capitalism and free private enterprise. But it would be a slur upon the ability of Communist leaders to suggest that they had nothing to do with originating it. It is also evident that Communists and fellow travellers and extremists in the labor field are strongly supporting "anti-discrimination" acts.

Also, I will not suggest that discrimination against Communists is definitely forbidden; but I will point out that the word "creed" covers any form of belief, which may be religious, political, or social. And it will be plain that any Communist or other subversive zealot will be able to find a basis somewhere in his "race, color, creed, national origin or ancestry," so that he can complain of an illegal "discrimination" which otherwise would be described simply as a natural dislike for a refractory or incompetent or discordant employee.

Summary

In summing up the Labor Follies of 1945, attention should be drawn to the quality of thinking and the capacity for leadership exhibited by those who support all three of these follies. Let any impartial person undertake to devise a program to advance the interests of the wage earner. He would inevitably choose the opposite of each of these three methods.

First, an unbiased friend of labor would say: The worker can only make more money by producing more. He should insist on being given the tools and the opportunity to produce as much as possible in a reasonable work day, with a chance to add to his earnings by voluntary overtime to an extent not destructive of health or decent living conditions.

The old days when so-called "aristocrats of labor" could get disproportionately high wages are fast disappearing because, with so large a percentage of wage-earners organized, they are for the most part working to produce things for other wage-earners to buy. The "profit" of managers and investors is so small a part of national income, and their purchasing power is so comparatively small, that, except in the purchase of luxuries, the prices paid by the masses of consumers are determined largely by the labor costs of production.

So today a wage rise in one industry is usually obtained as a part of a rise in the national wage level, which means also a rise in the national price level. There is no real gain for the wage earner except where he gains by producing more goods in the same time or with less effort. Just disregard all the corporate mechanisms, and lay aside for a moment the attack on excessive profits by management or investors—which organized labor can rightly seek to reduce, but out of which no large wage increases can come. Just consider the wage-earner as the maker, with machine aid, of two pairs of shoes an hour which he can exchange for, let us say, four shirts as the product of a shirtmaker's hour of work. If the shoemaker is enabled to make three pairs of shoes an hour he can exchange them for six shirts; and if the shirtmaker can make six shirts in an hour the net result is that the shoemaker gets six shirts and the shirtmaker gets three pairs of shoes.

Of course this is an oversimplified picture; but it is a graphic example of an inescapable economic fact. A people as a whole advance materially only by producing more. The individual, or a small organization, may be able to make money out of the losses of others. But, labor nationally organized can only advance by increased production. Those so-called leaders of labor who keep perpetually demanding more pay for less production in shorter hours are leading their followers down-hill and into the swamps. The heights of prosperity are in the opposite direction.

Any labor leader who understood that there is now only one way in which labor can advance would, of course, use every power available to avoid stoppages and delays in production. He would know that peaceful cooperation is not merely desirable but necessary in the days to come. He would wish to retain the freedom and ability to fight for the interests of the workers if a fight became unavoidable; but he would gladly accept an obligation imposed on both employer and employee to use every possible means to settle controversies without any of the fighting that stops or delays the industrial machinery that is pouring out the necessities and comforts of life for all the workers of the nation.

Any friend of labor who understood the difficulties of creating and maintaining an efficient business organization, the myriad irritations and discords among co-workers that must be constantly overcome to keep up human cooperation, would never think of adding to the elements of strife and misunderstanding the commands of an unintelligible, unenforceable law forbidding "discrimination." Any well-informed friend of labor would know that "discrimination" is a two-faced creature. In one aspect it wears the mean, snarling scowl of a person prejudiced against human beings by classes, according to race, color or creed. In the other aspect "discrimination" wears the patient, tolerant smile of a person who seeks, by selecting harmonious associates and by rewarding merit and adaptability, to create efficient organizations wherein men by working together can do more for themselves than anyone working alone can do for himself.

To enact and enforce a law against "discrimination" in employment would be worse than a political blunder. It would go a long way in undermining the economic foundation of our free society.

The revolutionary program to discredit our democratic government and our free industries is easily understood: Foment discord wherever possible. Interfere with and hamper every effort at peaceful cooperation. Disorganize and delay production and distribution by any available means. Promote the enactment of more and more laws for more and more detailed regulation of industrial enterprises; and administer these laws so as to increase steadily the difficulties of management and the dissatisfaction of labor. Infiltrate all labor organizations and sources of publicity with extremists who will constantly emphasize the faults and weaknesses of a free industrial system. In the end the economic and political system must break down as the volume and variety of obstructions are increased. Then the time will be ripe—yes, rotten ripe—for change.

There are probably only a few of the well-advertised friends of labor who would willingly aid in this revolutionary plan. There are unhappily a few who are active agents of communism and they are constantly forcing well-meaning but weak labor politicians to support their strategies by impugning the loyalty to labor of anyone who is not ready to aid their plausible projects to prevent peaceful cooperation.

It is time for plain speaking by genuine friends of labor. It is time for some clear thinking by the wage-earners themselves. It is time to talk about the Labor Follies of 1945 in language which will be understood and to keep on talking regardless of abuse. It is a rotten show. It should be hissed off the stage. If the actors like it, the American people should demand a new cast. If the actors don't like it, and know that it is a rotten show, they should close the theatre and not open up again until they have written a new play that is fit for the American people to see and is worthy of their support.

June Cotton Consumption

The Census Bureau at Washington on July 16 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles in the month of June.

In the month of June, 1945, cotton consumed amounted to 786,063 bales of lint and 117,992 bales of linters, as compared with 830,568 bales of lint and 128,946 bales of linters in May and 805,823 bales of lint and 121,708 bales of linters in June, 1944.

In the 11 months ending June 30 cotton consumption was 8,902,742 bales of lint and 1,366,660 bales of linters, which compares with 9,219,968 bales of lint and 1,231,312 bales of linters in the corresponding period a year ago.

There were 2,045,952 bales of lint and 289,455 bales of linters on hand in consuming establishments on June 30, 1945, which compares with 2,141,193 bales of lint and 322,560 bales of linters on May 31, 1945, and 1,986,576 bales of lint and 354,631 bales of linters on June 30, 1944.

On hand in public storage and at compresses on June 30, 1945, there were 9,195,258 bales of lint and 30,457 bales of linters, which compares with 10,132,723 bales of lint and 36,644 bales of linters on May 31, and 8,852,745 bales of lint and 66,519 bales of linters on June 30, 1944.

There were 22,188,330 cotton spindles active during June, which compares with 22,167,678 cotton spindles active during May, 1945, and with 22,379,602 active cotton spindles during June, 1944.

This announcement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.

New Issues

Pennsylvania Telephone Corporation

$5,500,000

First Mortgage Bonds, 2⅞% Series Due 1975

Dated July 1, 1945 Due July 1, 1975

Price 102½% and accrued interest

70,292 Shares

$2.10 Preferred Stock

Subject to an exchange offer being made by the Company
to holders of its outstanding $2.50 Preferred
Stock as described in the Prospectus.

Price $55 per share
plus accrued dividends from July 1, 1945

Copies of the Prospectus may be obtained from such of the undersigned as may legally offer these securities in compliance with the securities laws of the respective states.

Paine, Webber, Jackson & Curtis
Stone & Webster and Blodget
Incorporated
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Kidder, Peabody & Co.
E. W. Clark & Co.
W. H. Newbold's Son & Co.
Stroud & Company
Incorporated

July 17, 1945.

The International Bank

(Continued from page 299)

nor the International Bank are emergency institutions. Neither of them is designed to deal with the present emergency. Both of them commit the United States to long-range policies which will cost us billions of dollars and, with all the discussion that has taken place, those policies have not had any real consideration from the people of this country. Undoubtedly there is an emergency situation in the world. Many countries, headed by Great Britain, have reconversion and transitional problems which are almost insoluble without our help. England will have a three billion dollars adverse balance of trade during the next year, and insufficient assets with which to meet it. Other countries are correspondingly in trouble. I have always believed that in the post-war period we would have to extend reasonable credits to many countries to enable them to buy machinery and raw materials so that their economic machine may begin to operate. But I believe these loans should be made directly by our own Government, and it should be recognized that they may never be repaid. The total scope of such assistance, however, I believe can be held to five or six billion dollars during the next two or three years, provided that the problem of each country is carefully studied and money advanced only for essential purposes.

But the Bank and the Fund are permanent institutions, the Bank designed to encourage private investment abroad to secure permanent economic development, and the Fund to stabilize currencies. As will appear from later discussion, neither of them is really equipped to deal with the present emergency situation, and a bill has been introduced by the distinguished Senator from New York to authorize direct Government loans by our Export-Import Bank up to three and a half billion dollars. My suggestion is that we deal with these emergency situations directly, and in the meantime consider further the permanent policies provided in this bill. An international organization moves awkwardly and slowly, and is likely to be very inefficient in dealing with an emergency situation. As far as solving the immediate problems of Great Britain, of France, or of Czechoslovakia, the Bank would be just about as inefficient as UNRRA has been in solving their relief problems. Direct national action is required for that purpose, just as our Army has handled relief.

The International Bank

There has been a wide discussion of the technical features of the International Fund. I hope to discuss those next week, but today I wish to discuss the International Bank for Reconstruction and Development. This is the second of those institutions which was proposed by the Bretton Woods Conference. I do so in advance of the debate on the Bretton Woods bill because the Bank has received almost no public attention and because I think it involves a more important departure in American economic policy even than the International Monetary Fund.

The Bank appeared at first almost as an afterthought. It has not received one-tenth of the attention which has been given the Fund. I doubt if a single Senator has read the Articles of Agreement for the Bank. Yet this Agreement embarks the United States on a permanent policy of foreign lending and investment by Americans in huge sums, sponsored and to a large extent guaranteed by the Federal Government. The Bank is proposed, not as a relief organization, but as a permanent institution involving this Government in a permanent policy.

Foreign investment by American nationals is probably desirable in a reasonable amount. It is highly undesirable if undertaken in too great volume. But this plan goes much further, because in effect it involves our Government and other governments in a guarantee of private loans and investments abroad. Our Government does not guarantee private investments in the United States, and I believe it is dangerous and unwise to embark on a permanent policy of Government guarantee of private investments abroad.

Description of the Bank

The International Bank to be established is to have a capital of $10,000,000,000. The United Nations have already subscribed for $9,100,000,000, of which our share is $3,175,000,000, or approximately 35%. It is administered by a board of 12 executive directors, only one of whom is an American, although he has 35% of the voting power. Every nation is to put up 2% of its quota in gold and 18% in its own currency. The other 80% is subject to call to be paid in gold, dollars, or the currency needed.

The Bank may make direct loans, but that is not intended to be its principal business. The ordinary procedure will be as follows: A foreign nation or foreign corporation seeking a loan will come to the Bank and ask the Bank to guarantee such a loan. If the loan is to be made to a private foreign institution such as a public utility company or an automobile manufacturer, the government of that country will have to guarantee the loan also. When the guarantee is given, the country or its corporation may float that loan in any country where it wishes to borrow the money and the loan will carry the guarantee of the International Bank. It is fairly obvious that most of the loans sought will be in the United States, and we will, therefore, see a large financing operation with billions of dollars of these guaranteed securities widely advertised to American investors. While the United States Government is only responsible up to $3,175,000,000, the whole $9,100,000,000 of potential loans could be sold in the United States. The impression certainly will prevail that the United States Government is largely back of all these investments. Should there be a general default by the governments such as occurred in 1932, our Government might be morally obligated to make good the whole amount.

It is quite true that the United States has the right to veto any loan to be floated in dollars in the United States. This veto, however, is not reserved to Congress, so that we are in effect being asked to authorize the Executive Department to approve the sale of guaranteed foreign securities in the United States up to the total amount of $9,100,000,000.

In effect, therefore, the Bank is a tremendous plan, under the guise of international cooperation, to lend our people's and our Government's money abroad.

It is said that the money of other governments will also be used, and thereby reduce our burden. This might be true in a normal world. The arguments for the Bank will undoubtedly be stronger three years from now than they are today. But under present conditions the whole burden will fall on us. The Bank is only as good as the credit of the United States Government. There are not many among our people who realize the condition in which the world finds itself today. Few foreign nations are on a self-supporting basis. Few are able to pay their debts. Few currencies are of any value outside of the country of issue, unless we make them good. Any International Fund, therefore, is not really international. It looks to the United States for support, and for some years to come it is merely a camouflaged method of lending American money, and that of a few other solvent nations.

Permanent Foreign Lending on Scale Contemplated Is Wasteful and Dangerous

It has become fairly obvious that the policy of some Administration officials today contemplates a vast outpouring of American funds throughout the world, both for relief and rehabilitation and for permanent development. The best prepared statement of this policy is to be found in the sixth report of the House Special Committee on Post-War Economic Policy and Planning (the Colmer Committee) in which it is frankly advocated that we lend and invest abroad two or three billion dollars per year, and where it is asserted that lending of this magnitude would have lasting benefits, both to the United States and to the rest of the world. (See page 27.) This report was no doubt prepared in cooperation with the Treasury.

Many advocates of this policy point to the fact that we have maintained prosperity by lend-lease exports of a billion dollars a month, and that we must continue some such scale of exports to maintain employment even if we have to lend all the money to enable foreign nations to pay us.

The Bank is only one feature of the vast relief and lending program which is contemplated. Beginning with July 1, 1945, these may be tabulated as follows:

(Six ciphers omitted)

Further expenditures by UNRRA	$900
Relief expenditures by Army	1,000
Lend-lease through FEA	4,375
International Bank	9,100
International Fund	2,750
Export-Import Bank	3,500
Total	$21,625

The proposed lend-lease expenditures appear at page 454 of the Record and seem to include materials having only a remote relationship to the Japanese war and far more concerned with rehabilitation than with war. The Export-Import Bank figure is that contained in bills introduced by Senator Wagner and Mr. Spence.

In addition to the foregoing, there has been much discussion of a direct loan or gift to Great Britain amounting to from three to five billion dollars, and of some direct loan to Russia in the sum of six billion dollars.

The tremendous volume of this lending should certainly cause the Senate to hesitate and obtain full information before taking further action. We know our experience after the last World War. We know that the war debts, of which more than four billion dollars were incurred after the Armistice, were funded at very low rates of interest and then completely repudiated. We know that lending by private investors continued during the 20's at an average of less than a billion dollars a year, but that it became apparent by 1931 that even these debts could not be paid. It is said that many of them were improvidently incurred for non-productive purposes. This was true as to some, but the criticism applied to a small proportion of the total loans and investment abroad.

It must be clear that lending other than relief and rehabilitation emergency loans should only be done if it is lending likely to be repaid. Otherwise the time will come when a realization of its waste results in a complete cessation of lending, causing sudden unemployment at home and resentment abroad. A very wise statement is made in the second quarterly report of the Director of War Mobilization, James F. Byrnes, as of April 1, 1945. He says:

> "However, foreign resources are not unlimited. We must be prepared to make loans to foreign countries which need American goods and cannot pay immediately, if there is a reasonable prospect of repayment. Loans made abroad likely to provide employment at home are unsound. They will produce international financial difficulties when the time comes for repayment."

It is obvious that the scale of foreign lending contemplated by Administration policy is wasteful and dangerous. I maintain that the Government itself should only interest itself in relief and rehabilitation loans sufficient to enable foreign countries to put their own economic machinery in working order. I maintain that a total of five or six billion dollars would be sufficient for this purpose if wisely directed and used. I maintain that beyond this the Government should permit private investment and lending abroad, but should refuse to guarantee it, either directly or indirectly. I suggest that such lending as should be made for relief and rehabilitation should be made through the Export-Import Bank, and should also be used to obtain such goodwill and concessions from foreign nations as may properly benefit this country.

Permanent Foreign Lending Has Little Relation to Permanent Peace

It has been frequently contended that Bretton Woods is an absolute essential of international cooperation as a supplement to the San Francisco Charter. I am strongly in favor of international cooperation in the political field, and I intend to support the Charter. No matter what its faults may be, the horrible effects of world war are so apparent that any international organization concerned with its prevention is entitled to our support; nor do we give up or contribute anything greater than any other nation except in proportion to our size. The political cooperation proposed is not a one-way street.

But the parallel between political and economic cooperation is utterly fallacious. Measures of economic cooperation should stand on their own feet and be judged on their own merits. It is not true that wars, or at any rate modern wars, have been brought about by economic causes. Germany could have made itself as prosperous as any nation in the world without one foot of additional territory. Japan could have obtained more by trading than it could ever obtain by war. It is true that here and there economic sore spots may exist creating dissatisfaction and disturbance, but they are not, and never have been as numerous or as likely to create war as political sore spots like Poland and the Balkans. Furthermore, they can be dealt with by intelligent trade arrangements and direct loans such as I have suggested. There are no economic sore spots as bad as China and India, and yet neither China nor India have attacked their neighbors.

Furthermore, whatever our idealists in the United States may

New Issue

$176,000,000

Federal Land Banks

1½% Consolidated Federal Farm Loan Bonds

Dated August 1, 1945 **Due October 1, 1950**

Not Redeemable before October 1, 1948

The Bonds are the secured joint and several obligations of the twelve Federal Land Banks.

The Bonds are eligible for investment by savings banks under the statutes of a majority of the States, including New York and Massachusetts. The Bonds are also eligible for the investment of trust funds under the statutes of various States.

This offering is made by the twelve Federal Land Banks, through

Charles R. Dunn, their Fiscal Agent, at:

100⅝% and accrued interest

The undersigned are not underwriting the above issue, but have advised with the Fiscal Agent of the Federal Land Banks in connection with the formation of a Selling Group, including themselves. No sale of the Bonds in this State will be made by any of the undersigned except as permitted by law. Copies of the circular of the Federal Land Banks describing the Bonds may be obtained from such of the undersigned as may lawfully sell the Bonds in this State.

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Chemical Bank & Trust Company
Continental Illinois National Bank and Trust Company of Chicago
The First National Bank of Chicago
Mercantile-Commerce Bank and Trust Company
American Trust Company
Seattle-First National Bank
Whitney National Bank of New Orleans

July 17, 1945

think, economic arrangements are looked on by the other nations of the world as strictly business propositions. They are surprised and pleased at our willingness to give things away, but they gladly accept every advantage and give us as little as possible. A business deal to be a good deal must benefit both parties and, except for the immediate post-war period, I see no reason why we should make improvident loans or scatter our assets recklessly throughout the world. I see no reason why we should entrust our money to a board controlled by our debtors to be loaned or disposed of as they see fit, nor do I think this will contribute to the peace of the world. In fact, it teaches the world to expect from us a largesse which cannot and will not continue. When it is discontinued, we become the original Uncle Shylock and the indignation of the other nations is such that they feel themselves justified in failing to repay past loans.

It seems obvious that this is no time to deal permanently with any world economic problem. We should face the present emergency situation and help solve it with as little cost as possible to the United States. We should sit in on international economic boards and help them study the problems and listen to their recommendations; but we should certainly not hand out American money to boards on which we have a minority vote and which are controlled by the very nations that wish to obtain financial aid from us.

Is Foreign Investment a Wise Policy?

The policy behind the International Bank assumes that foreign lending and investment is so clearly to be desired that the Government should risk the taxpayers' money to promote it. But even apart from any Government guarantee, I think this assumption is open to question, particularly if the volume is too large.

In the first place, it has certain inherent risks which are not present in domestic investment. The project is more distant and more difficult to analyze. There is no legal way in which debts can be collected from a foreign country, particularly from the government of that country itself. If payments are suspended, the investor is helpless. Under the provisions of the Fund itself, if the dollar is declared a scarce currency under Article VII, debtor countries may refuse to allow their nationals to use dollars to service their loans. The old method of collecting debts by moving in Marines and seizing the Customs House has gone out of style and would be expressly forbidden by the San Francisco Charter. The San Francisco Charter itself noticeably fails to provide any means by which international obligations can be collected. The policy of this Government, in Mexico and elsewhere, has not been such that any American investor can hope that his claims abroad will even have vigorous normal support from his Government.

It is said that foreign investment will make for peace. I don't think that history shows anything of the kind. Ordinarily after an investment is obtained, the people of a country are likely to regard its owners as absentee landlords only concerned with draining away the assets of the country. Foreign investors are likely to be regarded as exploiters of natural resources and cheap labor. In the past they often have been such. Their activities are likely to build up hostility to the United States. This is even more true today with the growth of Socialist and Communist parties in many countries. Witness the agitation against American sugar investments even in Puerto Rico and Cuba.

Our own experience in foreign investment has not been very promising. According to the Department of Commerce, investments of $13,400,000,000 have shrunk to $9,800,000,000 by 1940. Omitting Canada, which is so closely related to us as to be economically part of the United States, the percentage of loss would be much higher. The table on page 298 of the hearings shows that of $4,000,000,000 of public foreign dollar bonds, a billion and a half is in default. No one has ever made a careful estimate of American losses on foreign loans and investments. There is no doubt that a considerable proportion has disappeared.

We are often told that England prospered on its foreign investments. But our position is very different from that of England. England has never been self-sufficient. It has had to import more than it could export. It was highly desirable that it have an income from investments abroad which could pay for such imports, and such investments were, therefore, a necessity, even if they involved capital losses. But in the case of England they did not involve losses. Most of the investments were made in British Dominions and territories under the protection of the British Army and Navy. Many natural resources were taken over at practically no cost and developed at a great profit. We cannot in any way duplicate the British experience under present world conditions, and could never have done so without establishing an economic imperialism contrary to our whole philosophy.

The general policy of lending huge sums abroad in the 20's was vigorously criticized by the very people who are now urging its resumption, this time at Government expense. It is rather interesting that Harry D. White, the most vigorous advocate of the Bank, wrote a book in 1932 with regard to the foreign investments of France. It is one of the authorities on that subject. After a thorough study, Mr. White concludes as follows:

> "The French experience in the matter of capital exports leads to the conclusion that the orthodox attitude towards unrestricted capital exports is open to criticism; the assumption that capital exports benefit both the lending country and the world at large is not unassailable. Examination of the conditions under which French foreign investments were made has clearly shown that the French investor consistently underestimated the risk inherent in the type of foreign securities that France acquired from 1880 to 1913. Thus, although the rate of return on foreign investments was equal to that on domestic, the real yield was less since equal returns imply equal risk."

Mr. White quotes Mr. Keynes as follows:

> "To lend vast sums abroad for long periods of time without any possibility of legal redress if things go wrong is a crazy construction; especially in return for a trifling extra dividend."

Mr. White also points out again following Mr. Keynes that:

> "In the case of foreign loans, repudiation or failure leaves nothing to the lending country, whereas, in the case of domestic repudiation, the tangible instruments of production do remain in the lending country. The loss to the French people when a Brazilian railroad built with French capital repudiates its debt is greater than when a domestic railroad does so. In the latter case, the railroad remains in France, whereas, in the former case, it remains in Brazil."

In short, a policy of foreign investment, even by private capital, is open to serious question. I see no reason to forbid such investments, and if private investors really feel that they are making a beneficial investment, I believe the Government should encourage it and protect its citizens abroad as far as possible; but I doubt if foreign investment on a sound basis without guarantee will amount to more than one billion dollars a year.

I do object strenuously, however, to the Government going into the business of guaranteeing such investments. The Government does not guarantee investments at home. The FHA guaranteed mortgages are almost the only exception. It is said that little opposition has arisen to the Bank, and that the various bankers' associations have approved it. There are two reasons for this: From a technical banking standpoint it is organized on a much sounder basis than the Fund, and so their attention has been centered on the defects of the Fund. In the second place, it is almost a subsidy to the business of investment bankers, and will also undoubtedly increase the business to be done by the larger banks. The bankers are almost at the mercy of the Treasury today. It took courage to oppose any of the Treasury's plans. Naturally they sought a compromise and centered their whole opposition on the Fund, which offends every principle of sound banking.

The man on the street has paid no attention to the Bank at all. Consider for a moment how it will work. out. If an Englishman wishes to start an automobile plant in England, he can sell his company's securities on the American market with the guarantee of the International Bank. A man who wishes to build an automobile plant in America cannot obtain any such guarantee. American investors are relieved from any risk in the development of foreign countries and given more incentive to develop those countries than to invest in America.

Obviously, this is an inflation of credit by direct Government aid. Behind it is the theory that more employment can be produced by spending Government money, this time to create foreign exports instead of public works at home. But foreign trade produced solely on credit is certainly not a sound form of economic development. Particularly, if we start on the grand scale now proposed, we will build up an export business which cannot possibly be permanent and which when suddenly checked may carry down our whole economy with it.

Under the Articles of Agreement of the Bank, the dollars that are borrowed do not even have to be spent in the United States, and we are prohibited from so requiring. A new plant in India, for instance, may borrow dollars, buy all its equipment in England, and thus, in effect, help England pay her blocked sterling balances. Most of the guaranteed loans will undoubtedly be floated in the United States, because our people have the savings to invest. The Bank thus becomes a device for draining our savings out of the United States for the benefit of the rest of the world.

Undoubtedly, American money can do the rest of the world a fair amount of good. I believe we should help in the present crisis, but I think we overestimate the value of American money and American aid to other nations. No people can make over another people. Every nation must solve its own problems, and whatever we do can only be of slight assistance to help it over its most severe barriers. A nation that comes to rely on gifts and loans from others is too likely to postpone the essential tough measures necessary for its own salvation.

I shall not speak in detail today regarding the International Monetary Fund. I do wish to point out, however, that in essence under present conditions, and for some years to come, it is just another instrument for transferring two and three-fourths billions of American dollars into the hands of foreigners. Its alleged purposes are impossible to carry out under present emergency conditions.

Attempts in the House to limit the Fund to its alleged purposes of temporary assistance for currency stabilization purposes only have been rejected by the Treasury, and so the Fund is little more than a loaning agency during the transition period. As such, it is even more unsound than the Bank, for every member nation is entitled to draw its share of the Fund regardless of its needs. The Fund looks entirely to governments for repayment and not to productive enterprise. However desirable its purpose may be, it is today only an addition to that profligate lending policy which I have been discussing.

I respectfully suggest, therefore, that the Senate consider carefully the implications of these policies before the bill is presented next week. Basically, the question is whether we are willing to commit this Government to a permanent policy of Government guaranteed foreign investment and widespread loans to foreign governments. I cannot imagine that the American people will really wish to embark at Government expense on a vast policy of scattering our assets around a world from which they may never be recovered. I cannot imagine they wish to embark on a policy which was repudiated by every intelligent economist in the 20's. I cannot imagine they will approve the method proposed by which our assets are put in a pool and dispensed by a board controlled by the debtors that are securing our dollars.

Again I suggest that we postpone consideration of this elaborate plan, designed to meet the conditions of a stable world, and authorize the Executive to deal directly with the emergency conditions which we now face. That is an American job and a Government job, and only the American Government can undertake it. If we postpone this bill, I suggest we increase at once the direct lending powers of the Export-Import Bank.

Silver and Inflation

(Continued from first page)

which had been purchased with public funds and was being held idle at West Point, Truman, for political reasons connected with the Senate "Silver Bloc," buried the report. After doing so, Mr. Truman told the writer in effect that the foregoing was his reason.

If this step is now taken it will be one more evidence of the inexorable course of inflation. Another such evidence is the Bretton Woods legislation (HR3314), which will utilize the 1934 gold devaluation "profit" to pay our subscription to the International Monetary Fund. When Senator Taft asked Senator Murdock during the Bretton Woods debate whether the Treasury's decision to issue certificates against the surplus silver was the result of an understanding between Secretary Morgenthau and the "Silver Bloc," Murdock merely answered, that "the Secretary had begun to see the light."

If the report that the Treasury now agrees to the issuance of silver certificates against some 300 million ounces of idle silver is true, it may be surmised that this attitude is connected with the replacement of Mr. Morgenthau by Judge Vinson as Secretary of the Treasury. As soon as Morgenthau's letter of resignation was disclosed during a recent White House press conference, silver lobbyists and some of their supporters on Capitol Hill privately commented that this would be a change helpful to the cause of silver in Congressional politics. The Congressional Silver Bloc never regarded Mr. Morgenthau as "a friend at court," although, on the other hand, opponents of silver, such as this writer, found Secretary Morgenthau far too amenable to Silver Bloc pressure. This was certainly true during the early years of the New Deal and of the present silver program, when between the Summer of 1934 and the Spring of 1935, the Treasury Department's silver buying was conducted on a scale and in a manner calculated to push the world market price of the metal up from about 35 cents an ounce to a peak of 81 cents.

It was only when this policy suddenly drove China off the silver standard, with disastrous deflationary effects in that country, that Mr. Morgenthau, alarmed by the official protests of the Chinese Government to the American Government, saw his mistake and somewhat eased off the silver purchase program. Since then, the Silver Bloc in Congress has been utterly dissatisfied with Morgenthau's silver policies, while in more recent years Mr. Morgenthau has frankly expressed the hope that Congress would end the silver program. However, unlike Thomas a-Becket, the silver program was not killed off. Instead, that subsidy to a few mining interests is proving a virulent parasite on our monetary system.

While Morgenthau's departure may have been the signal for the announcement of Senator Murdock discussed above, the report may be related as well to the Bretton Woods program. Silver interests were active in the lobbies of the Mount Washington Hotel during last year's Conference, and conferred with Latin American delegates in their conference headquarters. While they were unsuccessful in getting the Conference to make any special place for silver in the fund plan, they did obtain what American delegates described as a "gesture for silver." In acceding to this gesture, the American delegation was a unit; and Judge Vinson, the new Secretary of the Treasury, was a member of that delegation.

Since it became apparent fairly that the Silver Bloc could not get the Senate Banking and Currency Committee to insert a silver provision in the Bretton Woods Bill, the Silver Senators may be using their "disappointment" as a bargaining weapon to pry from the Truman Administration some more substantial "gesture."

"Coining the seigniorage" itself puts no money in the pockets of silver producers. The silver represented by the seigniorage already has been paid for at inflated prices. But the coinage policy could be used by Silver Senators to their own political advantage at home. It could be described by them as "another recognition of silver."

Inflationwise, the move of itself would not seem grave in these days when billions of red ink money are being spent. Coining the existing silver seigniorage will mean, for example, only a fraction of the inflation involved in the spending, under the Bretton Woods bill, of one $1.8 billion of the 1934 devaluation profits. It is possible that the Treasury Department, now accustomed to billions, has grown callous to mere hundreds of millions. Or perhaps Treasury officials were willing to see these silver certificates issued, if thereby a few more Senate votes for Bretton Woods could be piled up.

One thing is clear: The process of currency inflation moves very consistently down a one way street.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, JULY 19

FLORIDA FOODS, INC., on June 30 filed a registration statement for 56,000 shares of $2 cumulative convertible preferred stock and 280,000 shares of common reserved for conversion of the preferred.

Details—See issue of July 12.

Underwriters—Principal underwriters are Paine, Webber, Jackson & Curtis and First Boston Corp.

FERRO ENAMEL CORP. on June 30 filed a registration statement for 58,264 shares of common stock, par $1.

Details—See issue of July 12.

Offering—Company is offering to common stockholders the right to subscribe to the new common at the rate of one share for each four shares held, the price to be filed by amendment. Unsubscribed shares will be sold to underwriters for offering to the public.

Underwriters—Maynard H. Murch & Co. heads the underwriting group.

ADMIRAL CORP. on June 30 filed a registration statement for 150,000 shares of common stock (par $1). Of the shares registered 74,632 are being sold by Admiral Corp. and not to exceed 75,368 by certain stockholders.

Details—See issue of July 12.

Offering—The price to the public will be filed by amendment.

Underwriters—Dempsey & Co., Chicago, heads the underwriting group.

ACF-BRILL MOTORS CO. on June 30 filed a registration statement for 190,464½ warrants. The warrants are issued and outstanding and are being sold by American Car & Foundry Investment Corp.

Details—See issue of July 12.

Offering—The warrants entitle the holder to subscribe to the common stock of the company. The selling stockholder, American Car & Foundry Investment Corporation, proposes to offer the warrants for sale to the public commencing approximately Aug. 1, 1945, with the price to be determined from day to day by market sales of the warrants.

Underwriters—None mentioned.

MONONGAHELA POWER CO. on June 30 filed a registration statement for $22,000,000 first mortgage bonds, due 1975, and 90,000 shares of cumulative preferred stock, par $100. The interest and dividend rates will be filed by amendment.

Details—See issue of July 12.

Offering—The securities will be offered for sale at competitive bidding. The offering prices to the public will be filed by amendment.

Underwriters—The names of underwriters will be filed by amendment.

STANDARD AIRCRAFT PRODUCTS, INC. on June 30 filed a registration statement for 450,000 shares of common stock 2-cent par value. Of the total 122,680 shares are unissued and the balance is held by two stockholders: R. N. Webster 243,320 shares and A. L. Webster 84,000 shares.

Details—See issue of July 12.

Offering—To be filed by amendment.

Underwriters—To be named by amendment.

MONDAY, JULY 23

STANDARD OIL CO. OF OHIO on July 3 filed a registration statement for 200,000 shares of cumulative preferred stock, series A, $100 par. The dividend rate will be filed by amendment.

Details—See issue of July 12.

Offering—The price to the public will be filed by amendment.

Underwriting—F. S. Moseley & Co. heads the underwriting group, with the names of others to be filed by amendment.

THURSDAY, JULY 26

KINGS COUNTY LIGHTING CO. on July 6 filed a registration statement for $4,200,000 first mortgage bonds due 1975. The interest rate will be filed by amendment.

Details—See issue of July 12.

Offering—The price to the public will be filed by amendment.

Underwriting—The bonds are to be offered for sale under the Commission's competitive bidding rule and the names of underwriters will be filed by amendment.

TAPPAN STOVE CO. on July 6 filed a registration statement for 25,250 shares of capital stock, par $5 per share.

Details—See issue of July 12.

Offering—The company will offer stockholders the right to subscribe to the new stock in the ratio of one share for each four shares held. The subscription price will be filed by amendment. The record date and time when subscription certificates expire also will be filed by amendment. The unsubscribed shares will be sold to the underwriters for offering to the public.

Underwriting—McDonald & Co., Cleveland, heads the underwriting group.

SATURDAY, JULY 28

EVERSHARP, INC., has filed a registration statement for 32,500 shares of common stock, par $1. All of the shares are issued and outstanding and are being sold for the account of certain stockholders.

Address—1800 Roscoe Street, Chicago, Ill.

Business—Manufacture of fountain pens, mechanical pencils, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds will go to Martin L. Straus, 2nd, and the Advance Corp., the selling stockholders. Substantially all of the stock of the Advance Corp. is owned beneficially by Mr. Straus, and the corporation and Mr. Straus presently own beneficially 101,310 shares, or approximately 30% of the common stock of Eversharp.

Underwriters—Lehman Brothers heads the underwriting group.

Registration Statement No. 2-5825. Form S-1. (7-9-45).

SOUTH COAST CORP. has filed a registration statement for $2,500,000 first (closed) mortgage 4¼% sinking fund bonds, due June 30, 1960.

Address—Houma, Louisiana.

Business—Sugar and sugar-cane industry.

Offering—The price to the public will be filed by amendment.

Proceeds—Part of the proceeds will be used to retire at 104 the $1,437,000 first mortgage 5% sinking fund bonds, due Dec. 31, 1955. In addition, the company contemplates spending $750,000, when and as machinery and materials become available, for expansion and improvement of its refinery and for certain other additions and improvements to its properties. The balance will be added to working capital.

Underwriters—Paul H. Davis & Co. will head the underwriting group.

Registration Statement No. 2-5826. Form S-1. (7-9-45).

CROWN WESTERN INVESTMENTS, INC., has filed a registration statement for 250,000 common shares.

Address—1003 Kirby Street, Dallas, Texas.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Distributor — Charles L. Moruzzi is named distributor.

Registration Statement No. 2-5827. Form S-5. (7-9-45).

SUNDAY, JULY 29

BROOKLYN BOROUGH GAS CO. has filed a registration statement for $3,640,000 first mortgage bonds due Aug. 1, 1970. The interest rate will be filed by amendment.

Address—Mermaid Avenue and West 17th Street, Coney Island, Brooklyn, N. Y.

Business—Utility company.

Offering—The price to the public will be filed by amendment.

Proceeds—The net proceeds, with other funds of the company, will be used for the redemption of $3,640,000 first mortgage bonds, 4% series due 1965, now outstanding. The old bonds are redeemable at 104.

Underwriters—The bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment.

Registration Statement No. 2-5828. Form S-1. (7-10-45).

MONDAY, JULY 30

BROOKLYN BOROUGH GAS CO. has filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Address—Mermaid Avenue and West 17th Street, Coney Island, Brooklyn, N. Y.

Business—Utility company.

Offering—Price to public to be filed by amendment.

Proceeds—Net proceeds, together with other funds, will be applied to redemption at $52.50 a share of presently outstanding 30,000 shares of 6% cumulative participating preferred.

Underwriters—To be filed by amendment.

Registration Statement No. 2-5829. Form S-1. (7-11-45).

ROBERTS TOWING COMPANY has filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Address—429 Stahlman Building, Nashville, Tenn.

Business—Transportation of bulk commodities on the inland rivers.

Offering—The price to the public of the different series will be filed by amendment. The average price to the public is given as 100.47.

Proceeds—The proceeds will be applied toward the payment of two towboats and six barges, and for surplus supplies and equipment on the boats.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

Registration Statement No. 2-5830. Form S-1. (7-11-45).

TUESDAY, JULY 31

SEABOARD FINANCE CO. has filed a registration statement for $3,000,000 5% 10-year sinking fund debentures due Aug. 1, 1955, and 70,000 shares cumulative preferred stock, series A, with common stock purchase warrants.

Address—1000 Southern Building, Washington, D. C.

Business—Company and its subsidiaries are engaged in the personal finance business.

Offering—The price to the public is 100 for the debentures and $30 per share for the preferred.

Proceeds—From the issue and sale of $3,000,000 of debentures and 70,000 shares of preferred to the underwriters, of 50,000 shares of its common to selected employees and of 27,978 shares of common to holders of outstanding common stock purchase warrants of Seaboard Finance Corp. (Eastern company), to be sold to such holders for cash, the parent company will receive an aggregate of $5,330,000. Proceeds will be used to retire two classes of preferred stock of the Eastern company, now publicly held, and to reduce secured bank loans by approximately $3,874,571.

Underwriters—The underwriting group is headed by Van Alstyne, Noel & Co., and Johnson, Lemon & Co.

Registration Statement No. 2-5831. Form S-1. (7-12-45).

SOLAR AIRCRAFT CO. has filed a registration statement for 50,000 shares of common stock, par $1.

Address—2200 Pacific Highway, San Diego, Cal.

Business—Exhaust manifolds and other heat-resistant parts of the exhaust systems for airplanes, etc.

Offering—Price to the public will be filed by amendment.

Proceeds—For investment, expansion, improvements, etc.

Underwriters—Reynolds & Co. is named principal underwriter.

Registration Statement No. 2-5832. Form S-1. (7-12-45).

SATURDAY, AUG. 4

SUPERVISED SHARES, INC., has filed a registration statement for 500,000 shares of common stock.

Address—206 Empire Building, Des Moines, Iowa.

Business—Management investment company.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5833. Form S-5. (7-16-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb. 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures due 1960 and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $7.50 per share

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

AMERICAN TELEPHONE & TELEGRAPH CO. on June 27 filed a registration statement for $175,000,000 35-year 2¾% debentures, due Aug. 1, 1980.

Details—See issue of July 5.

Offering—Price to public will be filed by amendment.

Underwriters—Bonds will be sold at competitive bidding and names of the underwriters will be filed by amendment.

Bids Asked—Bids for the purchase of the bonds will be received up to 11 a.m. (EWT), July 23, at company's office, 195 Broadway, New York City.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

Bids Asked—Proposals for the purchase of the bonds will be received at office of Middle West Service Co., 20 N. Wacker Drive, Chicago 6, Ill., up to 11:30 a.m. (CWT), July 23.

A. S. CAMPBELL CO., INC. on June 9 filed a registration statement for 18,000 shares $2.50 cumulative preferred stock (no par) with warrants and 18,000 shares common stock (par $1). The common shares are reserved for issuance upon exercise of the warrants.

Details—See issue of June 21.

Offering—The price to the public will be $51 per share.

Underwriters—G. H. Walker & Co. is named principal underwriter.

EASTERN GAS & FUEL ASSOCIATES on June 29 filed a registration statement for $40,000,000 first mortgage and collateral trust bonds due 1965. Interest rate will be filed by amendment.

Details—See issue of July 5.

Offering—Price to public will be filed by amendment.

Underwriters—Bonds will be sold at competitive bidding and names of underwriters will be filed by amendment.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters —Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

CUP MACHINE SERVICE CORP. on June 11 filed a registration statement for 8,000 shares of preferred stock ($50 par) and 75,000 shares of common stock (10 cents par).

Details—See issue of June 21.

Offering—The preferred stock will be sold at $50 and the common stock at 10 cents per share.

Underwriting—None.

GASPE OIL VENTURES, LTD., on May 8 filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15.000 shares of common stock sold in the offering at a price of 45 cents per share.

Underwriter—Tellier & Co.

GENERAL PHOENIX CORP. on June 29 filed a registration statement for $1,000,000 12-year 4% convertible subordinated debentures due July 17, 1957.

Details—See issue of July 12.

Offering—Price to the public will be filed by amendment.

Underwriters—Group is headed by Paine, Webber, Jackson & Curtis.

HAMILTON WATCH CO on June 9 filed a registration statement for 35,000 shares of 4% convertible preferred stock (par $100).

Details—See issue of June 14.

Offering—Preferred shares were offered by the company to the holders of its common shares at the rate of one preferred share for each 11 common shares at $100 per share. The unsubscribed shares (7,840) will be purchased by the underwriters.

Underwriters — Union Securities Corp., Dillon, Read & Co., Inc., Harris, Hall & Co., Inc., Morgan Stanley & Co. and Reynolds & Co.

(Continued on next page)

DIVIDEND NOTICES

QUARTERLY DIVIDEND

A quarterly dividend of ten cents will be paid on Hallicrafters common stock on August 15th to stockholders of record of August 1st.

★

World's largest exclusive manufacturers of short wave radio communications equipment

hallicrafters RADIO

THE HALLICRAFTERS CO., CHICAGO 16, U. S. A.

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Boston, Mass., July 12, 1945

At a regular meeting of the Board of Directors of **The First Boston Corporation** held on July 12, 1945, a dividend of $1.50 per share was declared on the capital stock of the Corporation payable July 31, 1945 to stockholders of record as of the close of business on July 21, 1945.

EDWARD J. COSTELLO,
Treasurer

CORN BELT ROUTE

CHICAGO GREAT WESTERN RAILWAY COMPANY

Preferred Stock Dividend

A dividend of 62½c a share has been declared on the 5% Preferred Stock of this Corporation, payable on September 28, 1945, to stockholders of record at the close of business September 14, 1945. Checks will be mailed.

B. F. PARSONS,
Secretary

Chicago, Illinois, July 10, 1945

McGraw Electric Company

Dividend Notice

The Directors of McGraw Electric Company have declared a quarterly dividend of 25c per share, payable August 1, 1945, to holders of common stock, of $1 par value per share, of record July 20th.

Judson Large,
Secretary-Treasurer.

ALLIS-CHALMERS MFG. CO.

PREFERRED DIVIDEND NO. 6

A dividend of one dollar ($1.00) per share on the preferred stock, $100.00 par value, of this Company, has been declared, payable September 5, 1945, to stockholders of record at the close of business August 17, 1945. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON,
Secretary-Treasurer.

July 11, 1945.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on August 1, 1945, to stockholders of record on July 16, 1945. The transfer books will not close.

THOS. A. CLARK
June 28, 1945 TREASURER

LIQUIDATION NOTICE

The Farmers & Merchants National Bank of Eureka, located at Eureka in the State of Nevada, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

Dated: June 16, 1945.

C. L. TOBIN, Cashier.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

IDAHO POWER CO. on June 28 filed a registration statement for 39,413 shares of 4% preferred stock ($100 par).

Details—See issue of July 5.

Offering—The price to the public will be filed by amendment.

Underwriters—Group is headed by Blyth & Co., Inc., Lazard Freres & Co. and Wegener & Daly, Inc.

JOHNS-MANVILLE CORP. on June 29 filed a registration statement for 170,000 shares of 3½% cumulative preferred stock (par $100) and 170,000 shares of common, reserved for issuance upon conversion of the 3½% cumulative preferred stock.

Details—See issue of July 5.

Offering—Company will offer to common stockholders of record July 21 rights to subscribe to new preferred at $100 per share on basis of one share of preferred for each five shares of common. Warrants will expire at noon on Aug. 4, 1945. Unsubscribed stock will be purchased by the underwriters and sold to the public.

Underwriters—Underwriters are: Morgan Stanley & Co., Clark, Dodge & Co., Dominick & Dominick, First Boston Corp., Harriman Ripley & Co., Inc., Hornblower & Weeks, Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane, F. S. Moseley & Co., Paine, Webber, Jackson & Curtis, Smith, Barney & Co., Union Securities Corp., White, Weld & Co., Dillon, Read & Co., Inc., and Kuhn, Loeb & Co.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

LIBERTY LOAN CORP. on June 4 filed a registration statement for 65,000 shares of cumulative preferred stock, 50-cent convertible series (par $5).

Details—See issue of June 14.

Offering—Price to the public is $10 per share.

Underwriters—Sills, Minton & Co., Inc., Chicago, is named principal underwriter, with names of others to be filed by amendment.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and $4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MARKET BASKET on June 5 filed a registration statement for 42,548 shares of $1 cumulative Series A preferred (par $15) and 85,095 shares of common (par $1).

Details—See issue of June 14.

Offering—Price of preferred $15.50 per share; common $11 per share filed by amendment. Of the total registered, 7,188 shares of preferred and 14,375 shares of common are to be offered by issuer, the balance by certain stockholders. The offering is to be made after reclassification of securities.

Underwriters—Bateman, Eichler & Co. and Nelson Douglass & Co.

METROPOLITAN CLUB, INC., on June 20 filed a registration statement for $2,000,000 25-year 2½% refunding mortgage bonds.

Details—See issue of June 28.

Underwriters.—None.

NATIONAL CONTAINER CORP. on June 28 filed a statement for 100,000 shares of 4¾% cumulative convertible preferred stock (par $25), an indeterminate number of common shares reserved for conversion of the preferred and 90,000 shares of common reserved for issuance upon exercise of stock purchase warrants, and common stock purchase warrants entitling the holders to purchase an aggregate of 90,000 shares of common.

Details—See issue of July 5.

Offering—The price of the preferred stock to the public is $26 per share.

Underwriters—Group is headed by Van Alstyne, Noel & Co.

NEW YORK STATE ELECTRIC & GAS CORP. on June 27 filed a registration statement for $10,000,000 first mortgage bonds, due 1973, and 150,000 shares of cumulative preferred stock. Interest rate on bonds and dividend rate on preferred stock will be determined by competitive bidding.

Details—See issue of July 5.

Offering—Price to public will be filed by amendment.

Underwriters—Stock and bonds will be sold at competitive bidding and names of underwriters will be filed by amendment.

O. K. CO-OP RUBBER WELDING SYSTEM on June 12 filed a registration statement for 500 shares, par value $1,000 designated as "participating members shares" and 800 units of $500 each of preferred 7% debenture certificates.

Details—See issue of June 21.

Offering—The securities are to be sold at their par or face value to the owners and operators of O K Tire Servicing Stores and to employees, customers and suppliers of the trust and of the several businesses being acquired by the trust.

Underwriting—None named.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

PAN AMERICAN AIRWAYS CORP. on June 8 filed a registration statement for 3,986,522 shares of common stock (par $2.50).

Details—See issue of June 14.

Offering—Company in an amendment filed June 30 is offering 2,043,261 units (instead of 1,993,261 units), to shareholders on the basis of one unit for each two shares held. The unit will consist of one share of common stock and a 2½ year stock purchase warrant to purchase an additional share at $18 per share. Rights expire Dec. 31, 1947.

Originally, company under an underwriting agreement with Atlas Corp., was guaranteed that stockholders would take up $25,000,000 of the units and in the event the subscriptions fell under that amount Atlas was to take up sufficient units to bring the total to $25,000,000, with the right to take in excess of $25,000,000 if it desired. This agreement with Atlas Corp. was cancelled June 28.

New Underwriting Agreement—Company on June 28 announced a new underwriting agreement with a syndicate headed by Kuhn, Loeb & Co., Blyth & Co., Inc., Lazard Freres and Ladenburg, Thalmann & Co., which will receive a cash consideration. Stockholders of record July 2 are given the right to subscribe to one unit for each two share held at $21.50. Rights expired July 23, 1945.

PHILADELPHIA & READING COAL & IRON CO. on June 23 filed a registration statement for 412,596 common shares (par $1), and warrants to purchase a like number of common shares.

Details—See issue of June 28.

Offering—Warrants to purchase 4 common shares for each 10 shares held will be mailed on July 18, 1945, to holders of record July 16, 1945. In exercising warrants, holders of general mortgage 6% income bonds to which the stock certificates of the reorganized company are attached may use their bonds in payment of the subscription price for the new common shares up to 95% of the original amount of these bonds, a 5% payment in reduction of principal having been made on these bonds on April 1, 1945.

The offering price of the stock is $11 per share.

Underwriters—Harriman Ripley & Co., Inc., and Drexel & Co., head the underwriting group.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

RACQUET CLUB OF WASHINGTON, D. C. on May 25 filed a registration statement for $492,300 extension first mortgage 3% bonds dated Jan. 1, 1945, to mature Jan. 1, 1965, to replace a like amount of bonds which matured Jan. 1, 1945. The University Club of the City of Washington (guarantor) joined in the application.

Details—See issue of June 7.

Underwriters—None named.

Registration Statement withdrawn June 28, 1945.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Business—Oil and gas business.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

R. J. REYNOLDS TOBACCO CO. on June 16 filed a registration statement for 490,000 shares of 3.6% series preferred stock, par $100.

Details—See issue of June 21.

Offering—Holders of its common stock and Class B common, of record July 7 are given pro rata rights to subscribe at par ($100) per share to the new preferred in the ratio of one-twentieth of one share for each share of such stocks held. The warrants will expire July 21. The unsubscribed portion will be offered to the public through underwriters.

Underwriters—Dillon, Read & Co., Inc., and Reynolds & Co. head the underwriting group.

JACOB RUPPERT on June 22 filed a registration statement for 34,550 shares of 4½% cumul. preferred stock ($100 par) and 200,000 shares of common ($5 par). Of shares registered 15,000 shares of preferred are being sold by the company, and all remainder for the account of certain stockholders.

Details—See issue of June 28.

Offering—Offering price of preferred and common stocks to public will be filed by amendment.

Underwriters — Underwriting group is headed by The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

ED. SCHUSTER & CO., INC., on June 11 filed a registration statement for 18,504 shares of 4¼% cumulative preferred stock ($100 par). The total includes 13,679 shares to be sold by the company and 4,825 shares to be sold by certain stockholders.

Details—See issue of June 14.

Invites Bids—Company is inviting bids on July 10 for $7,500,000 first mortgage 30-year bonds, the coupon rate to be specified by successful bidder.

Underwriters—Wisconsin Co. heads the underwriting group.

SOUTHERN BELL TELEPHONE & TELEGRAPH CO. on June 25 filed a registration statement for $45,000,000 2¾% debentures, due Aug. 1, 1985.

Details—See issue of June 28.

Offering—Price to the public will be filed by amendment.

Underwriters—Company will offer the bonds for sale at competitive bidding and the names of underwriters will be filed by amendment. Bids will be received until 11 a.m. on July 30, 1945.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Stop Order Action—The SEC on June 29 dismissed the stop order proceedings commenced April 10, 1945. In its opinion the Commission said it is satisfied that the amendments subsequently filed by the company substantially correct the deficiencies cited in the notice of the proceeding except those relating to the warrants.

WESTERN CONDENSING CO. on June 29 filed a registration statement for 10,000 shares of 5% cumulative series A convertible first preferred stock ($100 par) and 50,000 shares of common stock (par $2.50).

Details—See issue of July 12.

Offering—Price to the public will be filed by amendment.

Underwriters—Dean Witter & Co.

Municipal News & Notes

Representative Lyle Boren's recent attack on the circumstances surrounding the purchase by the Omaha Electric Committee, Inc., of the properties of the Nebraska Power Company, and his companion charges of improper activities incident to municipal acquisition of private utilities generally, constitute a situation of interest to the municipal bond fraternity. As to the merit, or lack thereof, of the Oklahoma Congressman's accusations, this will be determined by the House Committee which is committed to a complete investigation of Mr. Boren's contentions.

One aspect of the matter that necessarily must concern those engaged in the purchase and distribution of local government securities concerns, it would seem, the accelerated trend toward municipal acquisition of privately-owned facilities of every description. This statement, and others to follow, incidentally, are not intended as an argument either for or against the principle involved.

It is quite possible, nevertheless, that the growing tendency of local governments to engage in all manner of enterprise contains a possible threat to the future well-being of the municipal debt structure, not to mention the economic health of municipal government generally.

One of the reasons for this belief stems from the conviction that there should necessarily be a definite line of demarcation between the functions of government and private industry. That this "line" is being consistently diluted in the favor of government, whether it be Federal, State or local, is a matter of record. Actually, under present day thinking, there is an ever growing belief in the theory that nothing short of vast benefits to the citizenry can be derived from public absorption of fields heretofore considered the exclusive domain of private industry.

This philosophy, it would appear, has been distorted beyond reason and, unless corrected, could conceivably occasion serious difficulties to municipal government and public credit.

A point too infrequently lost sight of in considering the desirability of public ventures in the field of business, whatever the project, is the natural economic hazards associated with such ventures. Under the stimulus of wartime conditions, of course, there would appear to be compelling reasons for a municipality to acquire for itself properties previously held under private ownership. The record of earnings, etc., coupled with unusually attractive conditions for the marketing of the necessary bonds, unquestionably represent a tempting combination of factors.

However, it would obviously be a serious error to attempt to project present attractive conditions too far into the future. This is particularly important insofar as concerns the question, for example, of servicing the large amount of indebtedness usually required in consummating these transactions. Nor is it sufficient answer to say that the municipal unit per se is "in the clear," in those circumstances whereby the debt thus created is exclusively the responsibility of the issuing "authority."

The fact is that in the event of serious difficulty experienced by the agency established to carry out the functions of municipal ownership, the municipal government itself will very likely also feel the impact of such a contingency. It should not be very difficult, for example, to envisage the possible injury to local governments under such conditions.

For one thing, there would be an abrupt halt to the 'windfalls" previously accruing to the local treasury by virtue of the excess of income over needs for operating costs, maintenance, and debt service. Deprived of these monetary benefits, the taxing unit would perforce be obliged, in the absence of economy, to make up the "deficiency," and, as experience demonstrates, the first choice would be real property.

It is an established fact, however, that realty, even now, is shouldering an excessive share of the cost of local government. Furthermore, should the adverse economic conditions referred to materialize, the chances are that its incidence will be general in character, with the result that real property would be even less able to discharge existing burdens, rather than assume a further increase. And this would be no less true of various other avenues of tax revenues.

Under such conditions, there is logical reason to believe that the security of the debts of the taxing unit itself could ultimately be equally imperilled, if not actually damaged. And the consequences of such an eventuality will be readily comprehended by those whose memories go back to the depression 30's, when virtually the entire field of municipal credit was demoralized and undermined as a result of defaults by creditors which, numerically, represented but a small percentage of the grand total of local governments.

In short, the need is for both municipal governments and the municipal bond fraternity "to make haste slowly" where the question of acquiring privately-owned projects by public agencies is concerned. The excellent record achieved by facilities now under public ownership must not be endangered by careless and haphazard extension of the principle involved.

Recent Awards

A syndicate headed by Halsey, Stuart & Co., and Lehman Bros., jointly, was the successful bidder for the $16,045,000 traffic tunnel retirement bonds offered yesterday by the City of Boston, Mass., paying a price of 101.209 for 1¾s. This compares with 100.909 for 1¾s, which was the only other offer made for the loan and was entered on behalf of an account managed by the First Boston Corp.

The issue is due serially from 1951 to 1980 inclusive, with bonds due Aug. 1, 1966 and thereafter being subject to optional retirement beginning Aug. 1, 1965.

Purpose of the financing was to provide the city with funds needed to retire an equal amount of outstanding tunnel bonds. These latter obligations, incidentally, are not callable until 1950 at the earliest and the city intends to invest proceeds of the refunding issue in United States Government bonds having maturity dates similar to the callable dates on the outstanding loan.

The companion issue of $1,000,000 construction bonds, maturing from 1946 to 1955 inclusive was sold by the city to the National Bronx Bank of New York City, on a bid of 100.403 for 1s. Second high bid of 100.88 for 1¼s was made by the Halsey Stuart syndicate.

Almost co-incident with notice of the city's intention to effect the financing completed yesterday, was the disclosure of a projected investigation by the Massachusetts legislature of Boston's financial structure. This development, it was said, in no wise figured in the bids received at yesterday's sale, as the bond houses had previously determined, on the basis of an exhaustive study of the city's finances, that the statements made in support of the request for the legislative investigation were completely unfounded.

Another substantial award effected on Wednesday consisted of the sale of $2,300,000 Houston, Texas, bonds, to a syndicate headed by Phelps, Fenn & Co., New York. The group paid a price of 100.09 for a combination of $2,200,000 1¼s, due from 1946 to 1965 inclusive, and $100,000 1s, maturing from 1946 to 1955.

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Bretton Woods Debated in Senate

Senator Wagner Calls for Its Adoption. Taft Again Asks Postponement and Queries Regarding Post-War Lend-Lease to Great Britain and Russia. Wheeler Calls Attention to Depreciated Currency of European Countries. Taft Wins Point That International Fund Loans May Be Used to Remedy Internal "Depressions" as Well as for Currency Stabilization.

On Monday, July 16, the Senate began the debate on the Bretton Woods bill, which was reported favorably by the Committee on Banking and Currency by a vote of 10 to 4. The opposition was headed by Senator Robert A. Taft of Ohio, who was joined by Senators Eugene D. Millikin of Colorado, Hugh Butler of Nebraska, and John Thomas of Idaho, all Republicans.

Senator Robert F. Wagner (D. New York), the Chairman of the Committee, opened the debate in an address in which he stressed the need of international cooperation in the stabilization of exchange rates, pointed to the pre-war failures along these lines as giving evidence that the matter cannot be left to one nation alone. He also pleaded for the passage of the bill on the ground that it would "lay a firm foundation for peace." Senator Taft, who had already asked the Senate for a delay in the consideration of the bill until international economic conditions were more stable, asked Senator Wagner whether it was true that after the expansion of the Export-Import Bank, Great Britain was to receive a billion dollar loan from this institution. He also asked whether the late President Roosevelt had promised Mr. Churchill at the Quebec Conference that Great Britain would receive a $3 billion post-war loan from this country. Senator Wagner answered both questions in the negative.

When the question of the value of foreign currencies was brought up, several Senators, including Senator Wheeler, a Democrat opposed to the bill, exhibited several examples of foreign paper money which, although in large denominations, were practically "worthless."

After Senator Wagner concluded his remarks, Senator Taft asked Senator Abe Murdock, (D. Utah), whether the recent action of the Treasury in deciding to issue silver certificates up to the full monetary silver value was not the result of a deal between the "Silver Bloc" and Secretary Morgenthau. Senator Murdock replied by merely saying that the "Secretary was beginning to see the light." There was also considerable criticism of the Treasury's propaganda campaign by opponents of the bill.

The second day of the debate was marked by bitter queries and retorts between the Republican Sen. Charles T. Tobey (N. H.), who was a delegate to the Bretton Woods Conference and Senator Taft, the leader of the Republican opposition. Senator Tobey argued that the bill was "a pattern of peace" and would promote the work of the Economic and Social Council of the proposed United Nations Organization. When questioned by Senator Taft regarding the statement made in a magazine article by Edward Brown, the Chicago banker who was a delegate at Bretton Woods, that Russia did not need the International Fund's assistance, because it did not use its currency in external trade, and therefore would borrow from the Fund only for capital and reconstruction purposes, Senator Tobey replied that he did not agree with this, and that Russia, like other nations, would be subject to the needs of temporary loans since it could also have crop failures and business depressions.

Senator Tobey also defended the good faith of Great Britain in connection with the Bretton Woods set up, stating that she would in time remove the exchange restrictions that now exist.

During the entire debate Senator Taft was almost continuously on his feet and he scored several points by getting the admissions that he wanted from his opponents. When, in answer to Taft's inquiry regarding the meaning of the word "cyclical disturbances" (one of the purposes for which the Fund was limited in making loans by the House amendment to the bill), Senator Wagner stated that it referred to business depressions. To this Senator Taft retorted, "Then it seems to me obvious that this bill is a device not for currency stabilization, but for nine-year loans to any country that finds itself in currency trouble."

Despite the efforts of Senator Taft to have action on the Bill postponed, the Senate on the third day of debate (July 18) rejected his amendment to this effect by a vote of 52 to 31.

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(Continued from page 304)

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Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available are copies of the recently amended Illinois Securities Act.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co.,** 25 Broad Street New York 4, N. Y.

Manufacturers Trust Company —memo on appreciation possibilities—Huff, Geyer & Hecht, 67 Wall Street, New York 5, N. Y.

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—discussion, estimating values and treating specifically with ideas on liquidation of Midland Utilities—Copies of this memorandum (M-3) available with dealer imprint at a nominal cost — reasonable quantities may be had without charge or obligation—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation and Magnavox Company.**

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

New York Curb Exchange Common Stocks With Long Dividend Records—Tabulated list—**Herbert E. Stern & Co.,** 30 Pine Street, New York 5, N. Y.

Pittsburgh Railways — Current study—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Purolator Products, Inc.—Study of outlook and possibilities — Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass.

"Rock Island"—study of improved reorganization profit potentialities—McLaughlin, Baird & Reuss, 1 Wall Street, New York 5, N. Y.

Serrick Corp.—Current analysis on interesting outlook — Sills, Minton & Co., Inc., 209 South La Salle Street, Chicago 4, Ill.

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INDEX

Page
Bank and Insurance Stocks......... 312
Broker-Dealer Personnel Items...... 308
Business Man's Bookshelf.......... 304
Calendar of New Security Flotations 326
Canadian Securities 316
Dealer - Broker Investment Recommendations and Literature....... 304
Municipal News and Notes.......... 327
Mutual Funds 314
NSTA Notes 301
Our Reporter on Governments.... 310
Our Reporter's Report.......... 316
Public Utility Securities........... 303
Railroad Securities 303
Real Estate Securities........... 304
Securities Salesman's Corner....... 318
Tomorrow's Markets—Walter Whyte Says 302

Michigan and Connecticut Securities Sections on page 308; Missouri on page 309.

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The Financial Situation

It appears to be very nearly universally accepted as fact that we shall suffer a great and probably rather prolonged period of strikes and other labor difficulties as soon as psychological war pressure sufficiently subsides. Indeed, the ordinary man taking note of the number of strikes even now occurring finds it difficult to avoid the suspicion that this era of domestic strife is upon us. At any rate labor leaders never tire of warning that there is great and growing unrest in the ranks of labor, that the hold-the-line program is regarded in labor circles as having robbed the wage earner of a great deal that was due him—notwithstanding the enormous if not wholly unprecedented gains in the weekly earnings of virtually all sorts of labor—and that higher wages and various other concessions will be unavoidable in the years if not the months to come. There is no want of prophets who seem to assure that we shall not escape difficulty even if extended concessions of the sort are promptly granted, so "cocky" do the unions feel and so beset with jurisdictional controversies is the entire labor field.

Obvious Truths

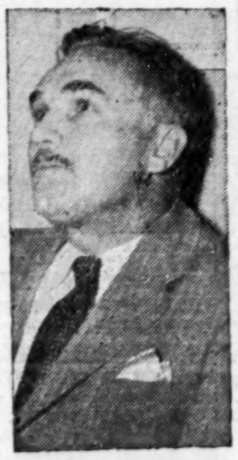
How all this will work itself out in actual practice must await the verdict of time, but there is certainly reason for apprehension quite sufficient to make certain observations on the situation definitely pertinent. Some of them are obvious—and should be so to the leaders of the unions who, it would appear to us, owe themselves and their followers the duty of making them clear to their membership. One of them is that past a certain point, all the monopolistic strength in the world, all the political "pull" in the universe, and all the conceivable victories in industrial battles, can do the rank and file of labor no good whatever, but on the con-

(Continued on page 332)

From Washington Ahead of the News

By CARLISLE BARGERON

Some of Harold Stassen's agents have been in town recently. Washington is the great propaganda center of the universe, Moscow, perhaps being a little better, the difference between a democracy and a dictatorship being, we presume, that anybody can come here and propagandize, while in Moscow, the propaganda has to be all along one line.



Carlisle Bargeron

Well, the Stassen agents wanted to know if he had not done pretty good at the San Francisco conference. As a matter of fact, according to their peddling, he was the man who brought all parties together. When men were arguing and in conflict, this young statesman-soldier of the Middle West, worked out compromises. It looked as if the Republicans, according to these agents, were bound to turn to him in 1948 as their nominee. For one thing, the country would still be wanting a man, as they did, unfortunately in 1944, who had a knowledge of foreign affairs. Well, this young man had that knowledge and furthermore he had met Molotov, the Arabs, the Chinese, and all the other big shots at the conference.

The agents did right well on this line of talk because all you have to do is to peddle an idea in Washington and pretty soon it is in the leading journals.

We could have added to their propaganda. It seems that the American Communists are burned up about Vandenberg, Connally and Stettinius, for having refused to follow the Russian delegates on their demand that we pitch over Chiang Kai-shek, their stand against the admission of Argentina to the conference, on the Russians' proposal for the "democratizing" of the mandated, the trustee islands and the colonial possessions. The Communists would like those places to be thrown open and their being given a chance at the "democratization." It is well known just how they go about democratizing. Stassen, it seems, escaped all of these controversies. So his agents think he is the set-up for the Republican nomination in 1948.

It is a fact that Vandenberg and Connally think their estates have been tremendously helped by their attendance upon the conference. Just ordinary Americans, they have been out there mingling with world figures such as the costumed Arabs, about whom every attending correspondent is laughing that they charged all

(Continued on page 337)

Boren Attacks "Trick" Utility Sales

Tells House of Representatives Manipulators Are Reaping Huge Fortunes Through Formation of "Fake" Non-Profit, Tax-Free Public Utility Corporations. Says Through Issuing Revenue Bonds, Taxpayers Lose $500 Millions Annually Without Benefits to Consumers. Calls It Prostitution of Public Ownership.

Representative Lyle H. Boren (D., Okla.), recently appointed Chairman of the special subcommittee on operations of the Public Utility Holding Company Act of the House Committee on Interstate Commerce, delivered an address in the House of Representatives on July 6 in which he accused "shrewd manipulators" of reaping fortunes because of a loophole in the law "big enough to drive a 40-mule team through." This, he holds, has been accomplished through the sale of privately owned utilities to "fake non-profit corporations," which, by issuing tax-free revenue bonds, are free from the restrictive provisions of the Public Utility Holding Company Act. Text of Mr. Boren's address to the House follows:

Lyle H. Boren

The Chairman of the Committee on Interstate and Foreign Commerce has asked a subcommittee of three to undertake a review of the operations of the Holding Company Act of 1935, with particular reference to loopholes that may have developed in the 10 years of its life due to changed tax, economic and financial circumstances.

We know that this law, sponsored in this House by our distinguished Speaker, Mr. Rayburn, when he was Chairman of the Interstate Commerce Committee, has been tested by time. It was and is a sound and wholesome law. It is one of the great reform bills of the thirties which experience has proven to be one of the most salutary of that era.

However, times have changed and new circumstances have arisen. Shrewd manipulators of finance seem to have discovered ways of reaping fortunes out of the law by some of the very methods it was enacted to correct.

The fact is that they have found a hole in the law big enough to drive a 40-mule team through and to convert to their own pockets a half billion dollar annual revenue now supporting the Federal Treasury. Meanwhile, the small and legitimate investor is frozen out.

It's a simple scheme: Wall Street bankers would convert the $18 billion private utility industry to a form of tax-free but fake public ownership by the formation of "non-profit" corporations. These corporations then issue bonds against the revenue of the property. But the bankers, in estimating annual revenue to determine the amount of bonds that can be issued include as revenue the amount of money formerly collected from customers and paid to the Federal Government.

The former tax revenue would not be passed on to the public in reduced electric rates, but diverted to their own pockets in the form of interest on these revenue bonds.

The stakes are high—this bonanza is bigger that Credit Mobilier, the "whiskey ring," and it dwarfs the swag of Teapot Dome. But with this difference: it appears to be legal. Unless an effective legislative plug against this legal loophope is enacted—and that soon—we will helplessly witness what undoubtedly will be the biggest rape of industry and raid on the Federal Treasury ever dreamed up by mind of man.

To give you an idea of the size of this scheme, here are some simple statistics:

The electric utility industry is worth, on the market, about $18 billion. In 1944 it paid in taxes to the Federal Government $468 million—or enough to support approximately $20 billion of the national debt. If this sum were taken away from the Federal Treasury by con-

(Continued on page 335)

GENERAL CONTENTS

Editorial

Page

Financial Situation................ 329

Regular Features

From Washington Ahead of the News 329

Moody's Bond Prices and Yields.... 339

Items About Banks and Trust Cos... 334

Trading on New York Exchanges... 342

NYSE Odd-Lot Trading............ 342

NYSE Bond Issue Values at May 31. 339

State of Trade

General Review.................... 330

Commodity Prices, Domestic Index. 341

Weekly Carloadings................ 343

Weekly Engineering Construction.. 341

Paperboard Industry Statistics.... 343

Weekly Lumber Movement......... 343

Fertilizer Association Price Index.. 341

Weekly Coal and Coke Output..... 341

Weekly Steel Review.............. 340

Moody's Daily Commodity Index.... 339

Weekly Crude Oil Production....... 340

Non-Ferrous Metals Market........ 342

Weekly Electric Output............ 340

Latest Summary of Copper Statistics 339

Cottonseed Receipts to May 31...... 339

Disputes Boren's Accusations

Congressman Buffett States That Omaha Electric Committee Is Merely Vehicle Between Private and Public Ownership. Blames Government for "Trick Hurdles" Used in Consummation of Public Ownership.

Answering Rep. Lyle Boren's accusations that through loopholes in the Public Utility Holding Act, millions of dollars were being made in profits by individuals at the expense of the taxpayers of municipalities that are acquiring public utilities Rep. Howard Buffett of Nebraska on July 9, in defense of "the integrity of many outstanding citizens of his Congressional District" (Omaha) told the House of Representatives that the Omaha Electric Committee (mentioned by Rep. Boren as "a fake non-profit corporation") was organized merely as a vehicle to accomplish municipal ownership of the former Omaha Electric Works formerly owned by the American Power and Light Co. In this connection Representative Buffett stated:

Howard Buffett

"I wish to make one point clear at the outset. I hold no brief for Mr. Aller, Mr. Myers, or any eastern interests involved in this deal or similar transactions. Furthermore, I hope the committee will genuinely endeavor to stop rascality in the utility industry. The record of this administration in this respect has been mostly bark and little bite.

"I have for many years despised the financial immorality of some top figures in the utility business, believing them a greater threat to our free enterprise system than any collectible assortment of Communists to be found in America.

Likewise, I should point out that I have not taken any part in the local controversies regarding municipal ownership of Nebraska power. However, the integrity and progressive character of numerous public-spirited citizens of Nebraska, who have worked to bring Nebraska power into true public ownership, have long commanded my admiration and respect.

"The gentleman from Oklahoma (Mr. Boren) has charged that the Omaha electric committee is a fake nonprofit corporation, set up for the purpose of evading Federal taxes. The facts are as follows:

"Some years ago, the people of Omaha were advised that under the 1935 Holding Company Act, the American Power & Light Co. must divest itself of Nebraska

(Continued on page 335)

All But He Hath Fled?

"It is obvious that the scale of foreign lending contemplated by Administration policy (under the Bretton Woods program) is wasteful and dangerous. I maintain that the Government itself should only interest itself in relief and rehabilitation loans sufficient to enable foreign countries to put their own economic machinery in working order.

"I maintain that a total of five or six billion dollars would be sufficient for this purpose if wisely directed and used. I maintain that beyond this the Government should permit private investment and lending abroad, but should refuse to guarantee it, either directly or indirectly. . . .

"Our Government does not guarantee private investments in the United States, and I believe it is dangerous and unwise to embark on a permanent policy of government guarantee of private investments abroad."—Senator Robert A. Taft.

It is not necessary to agree with the Senator at all points to admire his courage to stand up and be counted as opposing a proposal about which many are dubious but against which almost no one longer speaks.

It is significant in more ways than one that Senator Barkley could and did speak of Senator Taft as "the boy who stood on the burning deck whence all but he had fled."

RFC Law Provides for Subsidiary Absorption

Signing of the Reconstruction Finance Corp. "merger law" by President Harry S. Truman, was described on June 30 by the Federal Loan Administrator, John W. Snyder, as an important step toward simplification of RFC. This consolidation of certain subsidiaries into RFC itself, which became effective July 1, was brought about by a joint resolution sponsored in the Senate by Senator Wagner, Chairman, Banking and Currency Committee, and in the House by Congressman Spence, Chairman, Banking and Currency Committee, at the request of the Federal Loan Agency. The legislation was passed without a dissenting vote in either House. It provides for the absorption by RFC of the following subsidiaries: Rubber Reserve Co., Metals Reserve Co., Defense Plant Corp., Defense Supplies Corp. and Disaster Loan Corp.

These RFC subsidiaries were, with the exception of the Disaster Loan Corp., created for purposes of national defense and war production.

"Consolidation of the subsidiaries into RFC, the parent corporation, in addition to simplifying operations, may reasonably be expected to result in some economy," the Federal Loan Administrator said. He added that "the management of their activities will remain in the board of directors of RFC, the members of which have previously served as the directors of the subsidiary corporations." He further stated:

"All outstanding contracts of the subsidiary units and all new contracts which may be necessary will be administered by substantially the same personnel as at the present time, although this personnel henceforth will be acting directly for RFC instead of acting for the subsidiaries. Thus, there will be no interference in the flow of strategic materials and other critical supplies and equipment essential to the successful prosecution of the war against Japan.

"RFC was authorized to create these defense corporations by the Act of Congress, approved June 25, 1940, when requested by the Federal Loan Administrator with the approval of the President. All but one of these subsidiaries, the Disaster Loan Corp., was created for national defense. The Disaster Loan Corp. was created to provide loans necessitated by floods or other catastrophes. Nevertheless, since it is managed by RFC officials and agents under rules and regulations prescribed by the board of directors of RFC, there is no sound basis for having these functions and duties performed by a separate corporate entity.

"In 1940, when the tremendous construction and stockpiling activities lay ahead of us, the establishment of subsidiaries was unquestionably the most effective organizational method that could be devised to cope with the defense production problems. Now that the nation has successfully constructed its 'Arsenal of Democracy,' it is possible to simplify the operations of these defense corporations.

"The subsidiaries now being merged into RFC have built plants, shipyards, pipelines, etc.; bought and sold equipment and materials, etc.; and have paid subsidies, etc., at the request of the War, Navy, and State Departments, the U. S. Maritime Commission, War Production Board and its predecessors, Supplies, Priorities and Allocation Board and Office of Production Management, the Office of the Rubber Director, the Petroleum Administrator for War, Solid Fuels Administration for War, the Office of Defense Transportation, the Office of Price Administration, War Food Administration, the Board of Economic Stabilization, Office of War Mobilization, and the Office of War Mobilization and Reconversion.

"Authorizations as of January of this year by these subsidiary corporations, together with RFC direct commitments for war purposes of approximately $2,600,000,000, have amounted in round numbers to $32,300,000,000. Disbursements have been in excess of $18,000,000,000. Repayments of loans and advances, collection of rentals and part payments on plants and equipment, and proceeds of sales of materials, etc., have been approximately $9,100,000,000. The disbursement figure includes $1,400,000,000 for direct subsidy payments, under section 2(e) of the Emergency Price Control Act of 1942, as amended, to increase or maintain production of materials defined by the President to be strategic or critical. However, this latter figure does not include losses arising from the purchase and sale of such materials."

Following is a sketch of their specialized activities, furnished by the Federal Loan Agency:

Rubber Reserve Co. — Rubber Reserve Co.'s production of synthetic rubber has been approximately 1,000,000 long tons, 737,000 tons of which were manufactured in 1944. In addition to government plants, private industry produced 26,000 long tons in 1944. The synthetic rubber plants are capable of producing at least 1,000,000 long tons of synthetic rubber a year, if necessary. Forty-seven chemical, petroleum, rubber, and industrial companies are operating the plants for account of Rubber Reserve Co. Something over $700,000,000 has been invested in plants and facilities for the manufacture of synthetic rubber.

Metals Reserve Co.—The RFC, through Metals Reserve Co., has made total commitments for the purchase of strategic and critical minerals and metals aggregating $5,174,000,000. Of this amount, $2,150,000,000 has been disbursed, and $2,149,000,00 cancelled or assigned to industry or the Foreign Economic Administration. Sales of these materials have been principally to industries engaged in war production, and have amounted to $1,313,000,000. Stockpiles on hand cost $538,600,000, and, in addition, the company has assets largely in the nature of advances to contractors, other receivables, and mining equipment and supplies in the amount of $67,800,000.

Defense Plant Corp.—The RFC, through Defense Plant Corp., has made commitments for war plants, facilities and machine tools aggregating $10,704,935,000. Of this total $757,656,000 has been cancelled, and $7,177,700,000 disbursed. The total figure includes pool order commitments for machine tools aggergating $1,985,000,000. These orders are issued to insure the machine tool manufacturer a market for his product, and, as the tools are sold by the manufacturer, RFC's obligation ceases. The corporation has only been required to buy tools under these orders aggregating $4,912,000, and its outstanding commitments at this time are only $33,271,000. In addition to the pool orders, machine tools have been supplied to 1,007 contractors in the amount of $1,087,000,000, the contractors paying a fixed rental. Total commitments include 920 complete, integrated plants, wholly owned by Defense Plant Corp., in the amount of $6,055,000,000; and the expansion of 122 existing privately owned plants in the amount of $740,000,000. These expansions are wholly owned by RFC, and are located on land owned by it or held under long term lease. Commitments for facilities to produce critical and strategic materials in foreign countries have aggregated $42,714,850.

Defense Supplies Corp. — The RFC, through Defense Supplies Corp., had authorized total expenditures in the war effort aggregating $10,350,000,000, of which $800,000,000 has been cancelled or assumed by private industry. These operations include the purchase of strategic and critical materials, the payment of extraordinary transportation costs on oil, coal, and sugar, loans and advances to contractors in connection with the purchase of materials, the payment of subsidies and other activities made necessary by the war. Disbursements for such purposes have been $5,200,000,000. Receipts from the sale of materials, repayments of loans and advances, etc., have totalled $3,600,000,000.

The signing of the RFC bill was referred to in our July 5 issue, page 126.

The State of Trade

Corporate emissions for the month of June aggregated $75,767,125, the smallest monthly figure since September, 1942, when the total amounted to $65,040,000. The Seventh War Loan Drive which began on May 14, last, and continued through June 30, accounted for the poor showing. Aside from a few small issues totaling $2,249,000, the balance of the month's financing was made up of issues placed through the private route.

Of the total flotations for the month, $1,352,125, or 1.8% was for new corporate purposes, while the balance of $74,415,000, or 98.2% was for refunding. Thus, the financing for the month followed the trend of the previous 18 months in this respect.

Private placements for June comprised five separate issues aggregating $73,250,000, or 96.7% of the total. This compares with $102,661,000, or 19.4% of the May total; $117,900,000, or 17.7% of the total reported in April; $157,275,000, or 44% reported in March; $29,600,000, or 15.7% so placed in February, and $56,414,000, or 17.9% of the total recorded in January.

Corporate financing for the first six months of 1945 had an aggregate value of $2,127,720,271 compared with $936,393,659 for the like period of 1944. The 1945 total is the largest since 1936 when $2,583,747,098 was reported. Of this year's total, $401,998,057 constituted new money, and $1,725,722,214 was for refunding purposes. In an analysis of total corporate issues for the half-year, it is found that bonds and notes comprised $1,771,055,620, as against $711,415,000 for the like period of 1944, while stocks totaled $356,664,651, as compared with $274,978,659 a year ago. The greatest portion of the total financing, $740,941,837, fell under the classification of public utilities, the largest since 1936, when $1,041,797,628 was reached. Railroads accounted for $720,531,500. This amount has never been exceeded for a like period as far as our records show, the nearest approach being in 1927, when $622,212,000 was recorded. Other industrial and manufacturing totaled $406,625,638, and all other categories, $259,621,296.

The steel industry last week showed increasing evidence that the period of partial reconversion to civilian steel output will be almost as hectic as when the industry changed over to war production, according to "The Iron Age" in its current summary of the steel trade.

Backlogs continue heavy and represent substantial tonnages of rated or war business for extended delivery, much of which is vulnerable to future cancellations and changes in the battlefronts. Currently, the order situation reflects a myriad of conflicting market trends.

A sharp decline characterized the volume of rated steel business in almost all districts the past week, but whether this indicates a definite trend remains to be seen. Part of the decline, the magazine reports, is probably due to changes in war programs and to the necessity for contractors to "gather ends together" following cancellations and cutbacks in munitions programs.

Some areas last week reported a lower level of civilian steel order volume caused by the inability of steel companies to give definite commitments for large-scale deliveries in the third or even the fourth quarter, the trade publication pointed out. The situation is extremely tight in the flatrolled market, with about 75% of the non-rated tonnage booked involving sheets.

The sheet situation poses an urgent problem which the WPB will have to solve soon if distribution of steel orders is to proceed so that steel mills will not be faced with lower operations and lack of control at a time when potential steel demand remains at a high point. Freezing of most sheet schedules for the third quarter is the first step by the WPB in an attempt to get a semblance of order in the sheet market. As long as this freeze continues, the magazine stated, it nullifies the permission, as far as sheets are concerned, for mills to accept unrated business in accordance with a previous WPB order.

All sheet orders, shipments and cancellations for the third quarter will be under strict WPB control until a study is made of the data now being collected covering third quarter sheet commitments by the mills. No open space on sheet mills with but few exceptions may be filled without specific WPB approval. It is believed by some that the present tight situation was caused by the overloading of sheet mills on product directives, coupled with the failure of cancellations to materialize quickly.

Other factors which have tended to prohibit anything but a small trickle of steel to civilian producers include manpower shortages in specific skills, a substantial increase in the number of outlaw strikes, hot weather and the forcing down of some steel units for urgently needed repairs. Declines in production because of these factors have the effect of substantially increasing the backlog of rated steel business.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry will be 89.8% of capacity for the week beginning July 16, compared with 89.0% one week ago. This week's operating rate represents an increase of 0.8 points from last week's rate and is equivalent to 1,644,800 net tons of steel ingots and castings, compared to 1,630,200 net tons last week and 1,741,800 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended July 7, 1945, totaled 726,404 cars, the Association of American Railroads announced. This was a decrease of 167,337 cars, or 18.7% below the preceding week this year and 17,943 cars, or 2.4% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 82,226 cars, or 10.2% is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 3,978,426,000 kwh. in the week ended July 7, 1945, from 4,353,351,000 kwh. in the preceding week. Output for the week ended July 7, 1945, was 1.0% above that for the corresponding weekly period one year ago.

Consolidated Edison Co., of New York reports system output of 151,300,000 kwh. in the week ended July 8, 1945, comparing with 143,900,000 kwh. for the corresponding week of 1944, or an increase of 5.1%.

Local distribution of electricity amounted to 150,100,000 kwh., compared with 142,000,000 kwh. for the corresponding week of last year, an increase of 5.8%.

Paper Production—Paper production dropped to 52.7% of mill capacity for the week ended July 7, against 87½% for preceding week because of seasonal vacation and overhaul closedowns, the American Paper & Pulp Association's index of mill activity disclosed. The production rate for corresponding week a year ago was 50.9%. Paperboard production was 62% for current week, against 96% for preceding week

(Continued on page 336)

House Passes Bill Increasing Borrowing Power of the Export-Import Bank

By a standing vote of 102 to 6, the House on July 13 passed the bill increasing the capital of the Export-Import Bank from $175,000,000 to $1,000,000,000, and its lending power from $700,000,000 to $3,500,000,000. Recommendation for the Bank's expansion as a spur to post-war trade was made on July 11 by Leo T. Crowley, head of the Foreign Economic Administration, who in testifying before the House Banking Committee, said:

"The United States has before it an unusually favorable opportunity to maintain its foreign trade at high levels and at the same time ease the problems of reconversion at home and assist in the reconstruction and further development of the economies of foreign countries."

The Associated Press advices from Washington on that date also said:

Mr. Crowley supported legislation offered by Representative Brent Spence of Kentucky, Chairman of the Committee, which is expected to be speeded through Congress before a summer recess is taken. He said the Bank would provided needed financing for other nations to purchase American goods until the proposed Bretton Woods international bank begins to function. The new legislation would permit financing of portions of agreements for delivery of industrial equipment and supplies to France, Belgium and the Netherlands. It also would repeal the so-called Johnson Act of 1934, which prohibits private or Government loans to any Government in default upon its obligations to the United States.

Republican backing was thrown behind the bill, with Representative Jesse P. Wolcott of Michigan, ranking minority member of the Committee, describing it as a supplement to the Bretton Woods agreements. He added that increased capitalization would provide needed credits to finance exports when lend-lease aid to other countries is diminishing.

The House Banking Committee on July 12, by a vote of 18 to 2, had approved the legislation designed to make the Export-Import Bank an independent, permanent Government agency, with a revised administrative set-up which would drop from the board of directors the Secretaries of the Treasury and of Commerce, as well as other members, it was stated by the Associated Press from Washington July 12.

Under the new administrative set-up, the Bank, which has been operating since 1934 by Executive Order of the President, would have a new five-man board of directors headed by Mr. Crowley, as Chairman, with James F. Byrnes, Secretary of State, and three members to be appointed by the President subject to confirmation by the Senate. Salaries for the three public members would be $12,000 a year. No more than three of the five would be of one political party.

The adoption of the Bill by the House on July 13 occurred after it defeated an effort to set up "Atlantic Charter" standards for the loans. The Bill was immediately sent to the Senate with the hope of Administration leaders to forward the legislation to President Truman in Berlin.

From the Washington Associated Press accounts July 13 we quote:

By a 93 to 9 vote, the House turned back an amendment by Representative Dirksen (Rep., Ill.) that would have prohibited the Bank from making loans to countries not adhering to and "faithfully observing" the Atlantic Charter's injunctions against aggression and territorial aggrandizement, and those not respecting the right of all peoples to choose their form of government.

Democrats and Republicans joined in opposition, declaring this would mean "dollar diplomacy" and would force the President to rule on the political status of each nation before it could get a loan. Dirksen said the proposed amendment meant: "No freedom—no dough!" Chairman Spence (Dem., Ky.) of the House Banking Committee described it as "vague, indefinite and uncertain," and asked Dirksen why he did not also write the Ten Commandments and the Sermon on the Mount into his amendment.

Representative Wolcott said the amendment would "open the gate to pressure nations to adopt our political philosophy." He added: "If we are going to do that it will cost a great deal more than $3,500,000,000."

The Banking Committee told the House the expansion of the Bank is necessary to help increase America's foreign trade "and to enable the war-devastated countries to begin the immense task of reconstruction," prior to the full functioning of the $9,100,000,000 world bank being set up under the Bretton Woods agreements.

Representatives Sumner (Rep., Ill.) and Buffett (Rep., Neb.) led the opposition. Miss Sumner referred frequently to communism and told the House the legislation would "subsidize enslavement" of other peoples. Buffett said it smacked of "New Deal totalitarianism."

W. Randolph Burgess, President of the American Bankers Association, appearing before the House Banking Committee on July 12 stated that the expansion was needed immediately to finance trade prior to the setting-up of the $9,100,000,000 world bank under the Bretton Woods agreements.

He recommended these principles for Government operation of the Bank, the Associated Press reported:

1. The Bank should supplement and encourage and not replace private enterprise.

"Given a favoring atmosphere, private capital will be ready to do much of the work that needs to be done in reconstruction and development. The Export-Import Bank has followed this principle."

2. Loans should be good loans, with practical assurance of repayment.

"This is the principle that loans should be loans, and gifts should be gifts. The Export-Import Bank is set up as a lending agency and not as an agency for relief or for benefactions. The Export-Import Bank has followed this principle and its record in obtaining repayment of loans has been good."

3. Too much credit is as bad as too little.

"Foreign countries now hold very large amounts of dollars and gold, and the amount of goods available for purchase in this country is limited," he said. "The danger of inflation is considerable, and from this point of view it is necessary to make sure that the loans of the Export-Import Bank are made with care and discretion so they do not add fuel to inflationary fires. Nor is it of lasting benefit to other countries to encourage excessive borrowing."

The Export-Import Bank now operates under Mr. Crowley's direction with an 11-member board.

Reference to plans to expand the Bank appeared in our July 12 issue, page 189.

Parcel-Post to Brit. Guiana

Postmaster Albert Goldman announced on July 16 that information has been received from the Post Office Department at Washington, that effective July 16, insured parcel-post service to British Guinana is resumed.

Middle East Trade to Be Analyzed by Group

Formation of the Middle East Committee of the National Foreign Trade Council to analyze the commercial conditions and problems prevailing in the Middle East, and to draw up recommendations concerning advisable U. S. trade policy to be pursued in that area, was announced on July 15 by Eugene P. Thomas, Council President. John L. Gillis, director of Johnson & Johnson International, is Chairman of the new Committee. In addition to Mr. Gillis, members of the committee are M. W. Bowen, Socony-Vacuum Oil Co., Inc.; John C. Cooper, Vice-President, Pan American Airways System; John Hurst, sales manager, Motor Truck European Operation, International Harvester Export Co.; J. V. Murray, manager, Asiatic Division, California Texas Oil Co., Ltd.; Warren Lee Pierson, President, American Cable & Radio Corp.; J. M. Slater, Executive Vice-President, American Export Lines, Inc.; R. C. Thompson, export manager, Electric Auto-Lite Co.; R. F. Warner, partner, Frazar & Co., and Charles V. Sheehan, Vice-President, National City Bank of New York.

Mr. Gillis and Mr. Thompson were members of the Special Economic Mission to French North Africa, the Middle East and Italy, under the Chairmanship of Ambassador William S. Culbertson, which conducted an extensive survey of conditions in those areas and returned to the United States several months ago.

A bulletin to Council members described the prospective work of the committee, and said in part:

"The committee's efforts will be directed to the preparation of an analysis of the logical United States foreign trade position in the Middle Eastern Area. Based on that analysis, recommendations will be drafted regarding steps open to business and to our Government for the establishment and maintenance of that position. Attention will be devoted not only to import and export trade, but also to the global implications arising from natural resources, communications and transportation. Currency and exchange positions which affect American business in that area are also a primary consideration."

Russ-Polish Trade Pact

Polish coal and Russian raw cotton are the major items in the trade agreement concluded in Moscow on July 7 between Russia and the new Polish Government, according to information in trade circles in London on July 9, it is learned from a London wireless message July 9 to the New York "Times" which added:

"The agreement embodies a provision that both nations will apply the 'most-favored-nation' principle in all economic relations. Details of the trade treaty are lacking in London. Neither Russian nor Polish officials here were in a position to supply more than general information about the agreement. They estimated that it would cover an exchange of $120,000,000 worth of goods this year but they had no details beyond that.

"According to information relayed to foreign traders here, the agreement is similar in pattern to those concluded with Czechoslovakia, Rumania and other nations bordering Russia. It provides for the stationing of a Russian economic mission in Warsaw and for a similar Polish mission in Moscow.

"Although not a part of the formal agreement, it was said, there is an understanding between Russia and Poland giving Russia what amounts to a priority on the purchase of any product formerly exported to Germany. The priority covers the same volume of goods exported to Germany annually in normal times."

Senate Group Approves Interim Tax Bill Minus Aid to Reorganized Rails

Legislation designed to improve the cash position of corporations by approximately $5,500,000,000, already passed by the House, as an aid to speeding reconversion of industry was approved on July 12 by the Senate Finance Committee, the Associated Press reported that day from Washington, but not before a majority of the members had voted to strike from the bill special provisions which would have benefited reorganized railroads.

No other changes were made in the so-called interim tax bill as passed by the House, and it was so reported to the Senate for action. The measure will advance the date for use of credits and refunds under the excess profits tax and carry-back provisions, and increase the excess profits tax exemption from $10,000 to $25,000, beginning in 1946. The fight against the railroad relief measure, led by Senator Robert LaFollette (Prog., Wis.), resulted in a 9-8 vote in the committee to strike the provision. Strong Treasury opposition to this provision was said to have bolstered the arguments of opponents in the Senate group.

Committee sources described the controversy over the railroad measure as resulting in a vote along party lines, with Senator LaFollette joined by the Democrats. These sources predicted an effort on the Senate floor to restore the railroad amendment, according to the Associated Press, although numerous considerations, it added, raised by the proposal will probably defeat this move at this time. A further consideration of the plan, if efforts to restore it are defeated on the floor, will come when the House and Senate conferees meet to adjust differences in the measure. The Associated Press further said:

Added in the House Ways and Means Committee to the original provisions of the Joint Committee Tax Bill, the railroad provision would extend the benefits of the carry-back sections of tax law to railroads reorganized into new entities. The measure was proposed by Representative Frank Carlson (Rep., Kans.).

In Congressional quarters it was said that the provision might well have been defeated on the House floor had not a "gag" rule governed floor amendments. Under the rule by which the bill was considered in the House, no amendments were permitted except the single proposal to make the increased excess profits tax exemption retroactive so as to apply to 1945. This amendment was not adopted.

Treasury objections to the railroad provision were understood to turn principally on the fact that it would provide a form of relief retroactively and would also benefit the railroads as only one class of reorganized corporations. Since corporations generally, which have been reorganized into new entities are not permitted the benefits of the carry-backs and carry-forwards, extension of the benefit to the railroads by themselves would have been a species of special legislation, according to the view said to have been taken by the Treasury.

The Treasury was also said to have opposed the inclusion in the tax bill of a proposal which had not been studied in previous sessions by the joint committee, as was the case with other provisions of the interim tax bill.

It was at the same time doubtful that the Treasury would in any event support the measure, even if broadened to include additional corporations, for reasons which include the fact that the decision to reorganize into a new corporate entity was made in the knowledge that the carry-back benefits would not be available.

House passage of the interim tax measure was reported in the "Chronicle," July 12, page 227.

Canadian Corporations May Continue Dividends At Established Rates

On June 21, last, the Foreign Exchange Control Board at Ottowa, Canada, indicated that it is "prepared to consider applications by publicly-owned companies with established dividend rates to continue dividend payments at those rates for a limited period even though their undistributed current earnings, as defined in the Board's regulations, are not sufficient to cover such payments due to a temporary reduction of profits during the reconversion period." The Board's statement further added:

"Companies seeking approvals of dividend applications on this basis will be required to show reasonable grounds for expecting that their earnings within the next few years will be sufficient to make up any permitted over-distribution.

"Under the Foreign Exchange Control Regulations, a Canadian company having any non-resident shareholders requires a permit from the Board to make dividend payments and heretofore such permits have normally been granted only where the dividends are being paid out of earnings made since the commencement of the war.

"No permit from the Board is necessary for dividend payments where all the shareholders of a company are residents of Canada and Newfoundland."

895 Sleeping Cars Withdrawn for Use by Military Personnel

The Office of Defense Transportation on July 6 ordered the railroads and the Pullman Company to discontinue all civilian sleeping-car services up to 450 miles by July 15.

The order has caused the withdrawal of 895 sleeping cars from regular civilian use and added that number to those available for the exclusive use of military personnel.

The action was made necessary, Colonel J. Monroe Johnson, ODT Director, explained, by the unexpectedly heavy arrival of troops from Europe, well in advance of the schedule originally announced by the War Department.

"Arrivals in June," said Colonel Johnson, "were one-third greater than had been anticipated. It now appears that July arrivals will be much greater than originally expected. In fact, July well may be the biggest month of the whole program for arrivals from Europe. As troops go across the Pacific in increasing numbers there may have to be further withdrawals of sleeping cars for their use, perhaps within the next month.

"I am mindful that this action will result in considerable inconvenience to civilians, but on the other hand, I feel they will cheerfully accept the situation when they realize that it is one way in which they can make another important contribution to the war effort."

The 450-mile distance specified in the order will be measured by the shortest rail line over which regular passenger service is operated between any two points.

The Financial Situation

(Continued from first page)

trary must result in definite worsening of their economic position. The point where such a state of affairs is reached naturally varies with circumstances and with individual situations. One union or a group of unions representing a relatively small proportion of the total public can in some circumstances continue to better their own position long past the point where others must cease to move forward by following the same procedures, but they may do so only at the expense of other wage earners. Indeed it has often rather patently been the case in the past that some "strong" unions in an industry producing goods or services that the public must have more or less regardless of price, have pushed their claims successfully so far that other laborers in other fields were obliged in one way or another to pay the exactions imposed.

It also has often happened that the policies of certain unions—not infrequently accompanied by work restrictions which, far from increasing, actually reduced manhour output — have brought real benefits to those members who were fortunate enough to continue to find employment at the same time that it made it doubly difficult for qualified union members to obtain work at all, the net result being that members of the trades in question taken as a whole were not helped, but probably actually hurt by the over-reaching of their organizations. It does not seem to us unreasonable to suggest that the leaders of the so-called labor movement in this country take such facts as these into careful consideration, and find some way in which the "strategy" of unionism during the post-war years may be intelligently based upon the greatest good of the greatest number of the members of that movement—namely wage earners—or, if it must be of members of the labor unions of the country.

Pertinent Facts

When such a point has been reached, a number of pertinent facts will at once present themselves. The first and the most important of these is that factual evidence strongly suggests that in the years immediately ahead wage earners will find it difficult, perhaps increasingly difficult, really to better their position without increasing their output per man hour, or by working a longer work week to increase the actual production per employee. It is conceded, of course, that man-hour production or production per worker is not wholly within the control of the worker. A good deal, as a matter of fact, depends upon the skill with which men and women are organized to get any given job of work done. Much likewise depends upon the tools (including machinery, of course) which are put in the hands of the workman. These are obvious truths which need cause no argument, and certainly should not be employed by any one to conceal or to evade other equally obvious facts.

The truth of the matter is —and the facts are too well known to need elaborate demonstration here—that for years prior to the war wage earners were in one way or another taking more and more of the product of the American economy for fewer and fewer hours of work per week. Various expedients had made it possible for industry to pay the workers these additional sums. Continuous and often remarkable technological progress was an indispensable factor, of course. Constantly improved means of organizing men and machines for production was another. Yet another without much doubt was the fact that production was so far below maximum that it was possible for industry to make use of its more efficient plants and productive apparatus — and in some degree its more efficient employees—leaving the higher cost elements of both to gather dust.

Post-War Prospects

Precisely how far we shall, after the war, desire to keep less efficient machinery and plant in operation which has been drawn into action as result of war pressures is not altogether clear, but full production—as the term is now currently used—will certainly require more complete employment of plant than was the case before we were drawn into the war. It is virtually everywhere insisted that we shall proceed at a production pace such that virtually every one shall be called upon to do useful work. It would appear therefore the situation as it existed when the war came to us did not offer, and would not offer were we to return to it, any great opportunity for a betterment of **all** wage earners by any process of bargaining or bludgeoning.

Unit Labor Costs

It is a fact repeatedly shown by official figures that in civilian goods lines unit labor cost has risen substantially, even disturbingly, during the years since 1940. If presently the unions, or the rank and file of the membership of the unions, are to insist upon still higher wages there certainly can be no avoidance of prices which are at least proportionately higher—unless some way is found to effect a large increase in the output per dollar of wages paid. As has already been seen, the pressure for technological improvements and the like had been so great prior to the war that it may be questioned whether this process can be depended upon very greatly to increase productivity after the war in the absence of a much greater degree of cooperation from the workmen than has been forthcoming in recent years—yes, even than in the war years.

This is, of course, another way of saying that labor leaders, if they are wise and if they have the ultimate good of their followers at heart, will connect further improvement in the position of the men closely with the volume of output, and will do whatever they can whenever they can to impress upon their followers the importance of full cooperation by the wage earner for the purpose of increasing output. If some such course is not followed, or at least if productivity is not somehow vastly enlarged in the post-war years ahead, it may be taken for granted that labor will not move forward as it hopes to do, that indeed effort to force a weary goose to lay more golden eggs may well do both the goose and its owner great injury.

Post-War Interstate Highways Planned

Plans are under way for a 40,000-mile system of interstate highway connecting principal cities of the United States, according to the Public Roads Administration, which gave an outline of this post-war construction project. The new interstate system, states the New York "Herald-Tribune," which reported the announcement of the program from its Washington bureau, July 7, will include the most heavily traversed rural highways in the present Federal aid system and main thoroughfares in urban areas. The "Tribune" report continues:

"The P. R. A. had asked state highway departments to submit to it by July 1 their recommendations of routes that will comprise the new highway systems. The states' proposals will be reviewed by the divisional offices of P. R. A. before they are sent here for final approval.

"State highway departments also have been asked to co-operate with county and other local highway officials and the P. R. A. in the selection of a system of secondary roads to be developed after the war, and to define the boundaries of urban areas around cities having populations of 5,000 or more. Within these boundaries special Federal aid funds, earmarked for urban improvements, will be made available through the various state highway departments to finance construction of urban expressways and circumferential routes which in many instances will be incorporated in the national interstate system. The latter will provide express routes between all cities having a population of 300,000 or more, all but two or three cities in the 100,000 to 300,000 population group and numerous smaller cities and towns.

Working Capital of U. S. Corporations In Fourth Quarter of 1944 at New High

Corporate working capital of American corporations (exclusive of banks and insurance companies) reached a new high in the fourth quarter of last year, estimated at $45.5 billion as of Dec. 31, 1944, according to the quarterly analysis made public on May 18 by the Securities and Exchange Commission. During 1944, working capital increased by $4.2 billion, not quite as high a rate as in the preceding year. This increase in working capital was more than explained by the level of retained profits, says the Commission which says:

"Even more than in the previous year, the record level of working capital at the end of December was in extremely liquid form with both cash and U. S. Government securities accounting for a very substantial portion of the total. Total current assets showed a sizable increase during the year whereas total current liabilities were practically unchanged. By far the largest change in any of the items of current assets and liabilities was the $5.0 billion increase in U. S. Government securities to a record total of $20.8 billion, a rise of 32% over the year. Cash and bank deposits showed only a slight increase amounting to $300 million. The only other significant change in the current picture was the decline in inventories amounting to $1.0 billion, almost entirely accounted for by manufacturing corporations. It is interesting to note that at the end of 1944 corporations' holdings of U. S. Governments were $4.8 billion higher than their income tax liabilities while at the end of 1943 they were approximately equal. Corporations, apparently to a considerable extent, are continuing to invest their funds in excess of current needs in Government securities. The ratio of corporate liquid funds in the form of cash and U. S. Governments to sales, which is one rough measure of liquidity, increased substantially in 1944 and is well above pre-war levels.

"In addition to the increase in working capital, corporations continued to accumulate post-war credits in refundable taxes, raising the total of such refundable taxes to $2.1 billion as of December 31, 1944, an increase of $800 million over the year. Other sources of substantial refunds payable to corporations are the provisions of the income and excess-profits tax laws for carry-back of losses and unused excess-profits credits, for accelerated amortization of emergency facilities, and for recomputation of base-period income for excess-profits determination. As for other items affecting the corporations' financial position, there was on the assets side a drop of about $2.0 billion in the net property account and on the liabilities side a reduction of $1.2 billion in long-term debt; both of these declines reflected a continuation of trends which characterized the preceding year.

"During the five-year period from the end of 1939 to the end of 1944, the increase in working capital amounted to $21 billion, a rise of 85%. Of this increase $13 billion took place in the three years since our entry into the war. In addition, during these five years, almost entirely since the end of 1941, corporations paid off $1 billion of long-term debt and accumulated a post-war credit of $2 billion in refundable taxes. Further large refunds may accrue to corporations in the post-war period as a result of other provisions of the income and excess-profits tax laws previously mentioned. On the other hand, the net property account at the end of 1944 was approximately $2.5 billion below 1939 and was roughly $5.5 billion lower than 1941.

"The most striking changes in current assets and liabilities from the end of 1939 to 1944 were the increase in cash from $10.9 billion to $23.1 billion, the increase in U. S. Government securities from $2.2 billion to $20.8 billion, and the increase in Federal income tax liabilities from $1.2 billion to $16.0 billion. The major part of these increases occurred after the end of 1941. The increase in U. S. Government securities alone, almost entirely short-term, more than offset the increase in Federal income tax liabilities.

"Up to the end of 1941 the increase in working capital took the form of inventories. Since our entry into the war inventories remained relatively constant in amount, increasing only from $25.6 billion at the end of 1941 to $26.0 billion at the end of 1944, though undergoing a drastic change in composition. Net liquid assets or working capital exclusive of inventories, in contrast, increased from $6.5 billion to $19.5 billion in the same period.

"The attached tabulation shows the working capital of all corporations in the United States on which the above discussion is based. Tables presenting more detailed data on current assets and liabilities for various industrial and size groups of corporations registered with the Securities and Exchange Commission may be obtained on request. These tables indicate that, though there was considerable variation from group to group, practically all groups of corporations shared in the rise of working capital over the war period.

*CURRENT ASSETS AND LIABILITIES OF U. S. CORPORATIONS
1939-1944
(Billions of dollars)

	1939	1940	1941	1942	1943	March 31 1944	June 30 1944	Sep. 30 1944	Dec. 31 1944
Current Assets—									
Cash on hand and in banks	10.9	13.1	13.9	17.7	22.8	22.0	21.8	24.1	23.1
U. S. Govt. securities	2.2	1.9	3.9	10.0	15.8	18.1	19.7	18.9	20.8
†Receivables from U. S. Government	--	.1	.6	4.0	5.0	4.9	4.8	4.6	4.7
Other notes and accounts receivable	22.1	23.9	27.4	23.3	22.5	22.4	21.9	22.1	22.9
Inventories	18.0	19.8	25.6	27.3	27.0	27.2	26.8	26.8	26.0
‡Other current assets	1.4	1.5	1.4	1.3	1.3	1.3	1.4	1.3	1.3
Total current assets	54.6	60.3	72.8	83.6	94.4	95.9	96.4	97.8	98.8
Current Liabilities—									
†Advances and repayments, U. S. Govt.	--	.6	.8	2.0	2.2	2.3	2.2	2.0	1.8
Other notes and accounts payable	21.9	22.6	25.6	24.5	25.7	25.7	25.2	25.7	26.7
Federal inc. tax liabilities	1.2	2.5	7.1	12.1	15.9	16.1	16.2	16.1	16.0
§Other current liabilities	6.9	7.1	7.2	8.8	9.3	9.2	9.1	9.1	8.8
Total current liabilities	30.0	32.8	40.7	47.4	53.1	53.3	52.7	52.9	53.3
Net working capital	24.6	27.5	32.1	36.2	41.3	42.6	43.7	44.9	45.5

*All U. S. corporations excluding banks and insurance companies. Data for 1939-1941 are based on Statistics of Income, covering virtually all corporations in the United States. Data for 1942-1944 are estimates based on data compiled from many different sources, including data on corporations registered with the Commission. Because of the nature of the figures, these estimates are subject to revision.

†Receivables from and payables to U. S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U. S. Government.

‡Includes marketable securities other than U. S. Government.

§For 1942-1944 includes provisions for renegotiation other than those combined with income tax liabilities.

The figures for the third quarter were given in our issue of March 22, page 1300.

Senate Foreign Relations Committee Favors U. S. Adoption of World Security Charter

Foreign Relations Committee Holds That Any Reservation to Give Congress Power to Decide When American Forces Are to Be Used Violates Both the Spirit of the Charter and the U. S. Constitution, and Would, in Addition, Require a Renegotiation of Whole Document.

The Foreign Relations Committee of the Senate, on July 16, submitted its report in favor of the United Nations Charter, as drawn up at San Francisco, without any reservations. Senator Hiram Johnson (R. Cal.) who after the last war opposed the League of Nations, was the only member of the Committee who opposed the report.

In answer to Senator Bushfield's (R. So. D.) argument that the provision in the Charter which permits the American delegate on the Security Council to approve the use of United States military forces, without the specific sanction of Congress was unconstitutional, the Committee's report states:

No attempt was made to define in the Charter the powers and authority of the representatives on the Security Council of its members. This was, of course, because that is a matter which must be determined by each Government for itself and is not appropriate for international agreement.

The Committee believes that the authority of the United States delegate should therefore be determined after the Charter has been ratified. However, the Committee is convinced that any reservation to the Charter, or any subsequent Congressional limitation designed to provide, for example, that employment of the armed forces of the United States to be made available to the Security Council under special agreements referred to in Article 43 could be authorized only after the Congress had passed on each individual case would clearly violate the spirit of one of the most important provisions of the Charter.

One of the fundamental purposes of the Charter is to provide forces which will be immediately available to the Security Council to take action to prevent a breach of the peace. Moreover, if a reservation of this effect were to be adopted by the Senate, the very nature of the Charter itself would be changed, and further negotiations with the other signatories of the Charter would unquestionably be necessary.

Preventive or enforcement action by these forces upon the order of the Security Council would not be an act of war, but would be international action for the preservation of the peace and for the purpose of preventing war. Consequently, the provisions of the Charter do not affect the exclusive power of Congress to declare war.

The Committee feels that a reservation, or other Congressional action, such as that referred to above would also violate the spirit of the United States Constitution, under which the President has well-established powers and obligation to use our armed forces without specific approval of Congress.

The special position of the United States as one of the five permanent members of the Security Council, whose approval is needed for any enforcement action, needs to be emphasized once again in this connection. No United States forces can be employed, no enforcement action of any kind against a nation breaking the peace can be taken, without the full concurrence of the United States acting through its delegate on the Security Council.

The Committee's report concludes by saying that the Committee is satisfied that the Charter represents a remarkable accomplishment in the process of developing international cooperation. While it may be that this is not a perfect instrument, the important thing is that agreement has been reached on this particular Charter, after months, and even years, of careful study and negotiation, between the representatives of fifty nations.

The virtual unanimity with which the results of the Dumbarton Oaks and the San Francisco Conferences have been approved by the people of the United States, and now by this Committee, is the best proof now available that a sound and practicable foundation has been achieved on which to work for peace and security.

The Committee points out, however, that neither this Charter, nor any other document or formula that might be devised, can prevent war, and the Committee would be performing a disservice to the public if its action with respect to the Charter should indicate any such opinion on its part.

The establishment of the United Nations will, at best, be a beginning toward the creation of those conditions of stability throughout the world which will foster peace and security.

The participation of our country in the United Nations will be essential to its success; in fact, the Charter cannot even become operative if we do not ratify it.

But of far greater importance will be the determination with which our Government and our people will give to the organization their active and wholehearted interest and support. This will require, on the part of our Government and of the people, both an understanding of what the United Nations is designed to accomplish and also a realization of the limitations under which it must necessarily set out to do that task. And, above all, it must be understood that to the extent to which we do participate actively in this organization, we will, by that very process, be overcoming the imperfections in the Charter.

Unless we are prepared to take all steps which are necessary to effectuate our membership in the United Nations we would be merely deceiving the hopes of the United States and of humanity in ratifying the Charter.

The question of our membership in an International Organization to Preserve Peace has been debated throughout our country and in this Congress as fully as any public issue in our history has ever been discussed.

The Committee feels that the people and the members of the Senate understand clearly the consequences and the requirements of our membership in the United Nations, and that they are prepared to undertake the responsibilities of membership in order to enjoy the privilege which that membership may ultimately bring in the form of world stability.

The Committee is convinced that participation in the United Nations is in accordance with our national interests, and that our contributions to the United Nations will be repaid many times.

The Committee, therefore, has no hestitation in recommending that the Senate advise, and consent, to the ratification of the Charter of the United Nations.

Areas of Acute Labor Shortage Drop to 55

As a result of declining munitions production and reduced manpower needs, the number of critical labor market areas has dropped sharply, the War Manpower Commission reported on July 1, in announcing labor market classifications for that date.

The WMC also said in part:

"Since V-E Day, the number of Group I areas of acute labor shortage dropped from 74 to 53. Downward revisions in munitions production scheduling will result in further loosening of labor market classifications from areas of stringency to areas of balance or surplus.

"From June 1 to July 1, eleven Group I critical areas dropped to Group II areas of slight shortage or approaching manpower balance. Most significant of these were major war centers such as San Diego, Calif.; Buffalo, N. Y., and Newark, N. J., which had been areas of acute shortage since the beginning of the war program. Other areas moving from Group I to Group II are: Anderson, Ind, Ind.; Cheyenne, Wyo.; Fostoria-Findlay-Tiffin, Ohio; Freeport, Ill.; Mansfield, Ohio; Minneapolis-St. Paul, Minn.; Springfield-Decatur, Ill., and Toledo, Ohio.

"Two Group I areas dropped to Group III, areas of substantial manpower balance, as a result of sharply reduced requirements in munitions manufacturing. These are: Elkton, Md., and Grand Rapids, Mich.

"Fourteen Group II areas shifted to Group III: Burlington, and Des Moines, Iowa; Newcastle, Ind.; New London, Conn.; Omaha, Nebr.; Council Bluffs, Ia., Sheboygan, Wis.; Shreveport, La.; South Bend, Ind.; Sturgeon Bay, Wis.; Torrington, Conn.; Tuscaloosa, Ala.; Vicksburg, Miss.; Wilmington, Del., and Zanesville, Ohio.

"Two Group III areas moved to Group IV. They are Detroit, Mich. and Fresno, Calif. The full impact of cutbacks in aircraft plants announced some time ago has resulted in a rising surplus of labor in Detroit, which only last month was classified downward from Group II to Group III.

"At the same time, increased production schedules required classification upward of two Group III areas to Group II. They are: Galveston, Texas, and Cincinnati, Ohio. One Group IV area, San Antonio, Texas, shifted to Group III.

"Added to the list for the first time as a Group II area was the formerly unclassified area of Lebanon, Pa. Current labor shortages and further anticipated shortages in urgent war items brought this area into the classified labor market list."

Parcels for Prisoners of War in This Country

On July 16 Postmaster Albert Goldman of New York reported that information has been received from the Post Office Department at Washington that the War Department advises that prisoners of war will no longer be permitted to receive parcels (except new books) mailed within the continental limits of the United States, other than from relief or aid organizations and American educational institutions approved by the Provost Marshal General. This provision does not, however, it is added, apply to members of the Italian service units serving within the United States. Parcels addressed to prisoners of war will, therefore, not be accepted for mailing except those specifically provided for.

Subscriptions Received In 7th War Loan Drive—Morgenthau Commends Results

Total subscriptions of $26,313,000,000 to the Seventh War Loan were reported by Secretary of the Treasury Morgenthau in a radio address featuring "The Seventh Challenges" broadcast from Washington July 10. Mr. Morgenthau, who, as noted in our July 12 issue (page 226) has tendered his resignation as Treasury head, which will not become effective until after President Truman's return from the "Big Three Conference", termed his talk as "somewhat in the nature of a valedictory". In indicating the results of the 7th War Loan Drive he pointed out that "we set ourselves an overall goal of 14 billion dollars." He further stated that "we asked for 7 billion dollars in individual subscriptions, and we received a total of $8,681,000,000," and he described the War bond program "as a magnificent demonstration of the voluntary team work of a free people."

From Washington advices July 10 to the New York "Times" we take the following:

The Treasury sold more war bonds in all categories than it ever had before, and failed to make only one of its goals—that for E bonds, the small-denomination bonds for individual subscribers. However, E bond sales were $3,976,000,000, which was 99.4% of the $4,000,000,000 goal. This was $1,000,000,000 higher than any E bond goal heretofore.

Results of the drive by major sales classifications, with the previous high record in each of the categories, follow:

Total — $26,313,000,000, against $21,621,000,000 in the Sixth Loan.

Corporation sales—$17,632,000,000, against $15,739,000,000 in the Sixth.

Individual sales — $8,681,000.000 against $6,351.000,000 in the Fifth.

E bonds—$3,976,000,000 against $3,187,000,000 in the Fourth.

Secretary Morgenthau's address follows:

One of the most pleasant tasks I have ever had to perform as Secretary of the Treasury is to report to you tonight the final results of the Seventh War Loan. We set ourselves, as you know, an overall goal of 14 billion dollars. The people of America have subscribed to the Mighty Seventh a total of $26,313,000,000.

We asked for $7,000,000,000 in individual subscriptions. We have received a total of $8,681,000,000.

Finally, and most important of all, we set for the wage earners of the country the difficult goal of four billion dollars in E bonds. The final figures show that E bond sales amounted to $3,976,000,000.

The War Bond program has been, I think, a magnificent demonstration of the voluntary teamwork of a free people. Through this program, more than 85 million individual Americans have enlisted in the national cause—have engaged in an act of faith.

It has seemed to me from the beginning that the essence of this program lay in its voluntary character. When I asked the Congress of the United States in January 1941, for authorization to borrow from the general public through a defense savings bond campaign. I said: "I can think of no other single way in which so many people can become partners of their Government in facing this emergency. It is the purpose of the Treasury to raise money for national defense by methods which strengthen national morale."

To achieve its aims, the Treasury sought to make the American people understand the meaning and the magnitude of the crisis that they faced. It endeavored to forge, through united action, the national unity needed to overcome our common problems.

How well this has been done the record will attest. I take particular pride in the knowledge that it was done throughout by wholly democratic means. There has been no resort at any time to coercion or intimidation or social pressure. Instead, the method pursued was to organize state by state, community by community, millions of volunteer war bond workers—drawn from the ranks of business, of labor unions, of the professions, indeed from all the segments of our society—and to let them carry the appeal to their fellow-citizens. Every American has been left free to contribute in accordance with his own conscience and his own capabilities. It is a kind of program which could have been undertaken, perhaps, in no other country in the world—a kind of program peculiarly adapted to the democratic pattern of American life.

Special praise is due, I think, to the part played in the War Bond program by the men and women in our armed services. These Americans have not been content to bear the brunt of this nation's fight for freedom; they have also played a mighty part, as citizens, in helping to finance the war weapons they have wielded.

The war bond program stands, I believe, as a powerful bulwark to the economy of this nation, both now and in the future. The savings of the American people, set aside during a time when most of our productive energy had to be devoted to making materials of war, played an indispensable part in averting the danger of inflation. The economy of the U. S. has been kept sound and secure, so that the men who have fought for us overseas can return to a land of opportunity. And in the difficult days of reconversion which lie ahead, these savings will provide an invaluable backlog of mass buying power to start civilian production on its way.

My talk to you this evening is, as you know, somewhat in the nature of a valedictory. I should like, therefore, to say a few words directly to the men and women who have so long and so faithfully and so generously given their time, their skill and their energy to the war bond program. To them belongs the full credit for what has been achieved. The service they have rendered is beyond my praise; the gratitude they have earned is beyond my power of expression. But they have found, I know, the only reward that they have ever sought: the sense of partnership in a great national undertaking.

I want to pay special tribute to the men and women who have been the leaders of the War Finance Division. Under the captaincy of Ted R. Gamble, they have worked tirelessly and devotedly to bring about the magnificent record of the war bond program. My warm appreciation goes also to my chief fiscal aid, the Undersecretary of the Treasury, Daniel W. Bell.

I thank all of you from the bottom of my heart for the cooperation you have given to me. I know that your cooperation will be continued with the same devotion and zeal under the able leadership of my successor, Judge Fred Vinson. There is still a titanic task before us.

In taking leave of you, I should like to express one thought, one testament of faith. Whatever the tasks, whatever the problems of the future, I know that we shall meet and overcome them as we have in the past through the methods of freedom, through the voluntary unity of free men.

MacArthur Declares Philippines Won From Japs

It was declared by Gen. Douglas MacArthur at Manila on July 5 that all the Philippine Islands have been won back in "the greatest disaster ever sustained by Japanese arms." In his declaration in the matter Gen. MacArthur said that the 115,600 square miles of the Philippines are being transformed into bases comparable to the British Islands to spur the march on Tokyo. Associated Press accounts from Manila went on to say:

"In 250 days of campaigning, 17 American divisions whipped 23 Jap divisions in 'one of the rare instances when . . . a ground force superior in numbers was entirely destroyed by a numerically inferior opponent.'

"Roughly 420,000 Japs were slaughtered, including such hated outfits as the Sixteenth Imperial Division which tortured American and Filipino prisoners in the 'Death March' after the 1942 fall of Bataan. A spokesman estimated that possibly 30,000 Japs survive in all the archipelago, cut up into groups and driven into mountains where they are reduced to guerrila activity.

"American ground and air personnel casualties up to July 1 were listed as 11,921 killed, 410 missing and 42,569 wounded—a total of 54,891.

"Gen. MacArthur stressed as accomplished goals of the reinvasion:

"1. Acquisition of great land-sea-air bases 'for future operations' comparable to the role played by the British Isles against Germany.

"Collapse of the 'imperial concept of a Greater East Asia Co-Prosperity Sphere and the reintroduction of democracy in the Far East.'

"3. Delivery of a 'crippling blow' to Japan's Army, Navy and Air Force.

"4. Severance of the enemy's sprawling, stolen empire so the north and south halves could 'be enveloped and attacked in turn,' while a sea-air blockade prevented raw materials from reaching Japan or reinforcements from reaching the East Indies.

"5. Liberation of 'our captured officers and men and our internees held in the Philippines.'

"Possibly 12,000 Jap survivors are scattered through the wilds of Mindanao Island; 13,000 more are holed up in mountain areas north and east of Manila on Luzon, and 5,000 more are in isolated groups among the central islands.

"A headquarters spokesman's summary, division by division, of the fate which befell the Japs, brought out that at least four divisions were sent down from Japan after the reinvasion at Leyte last October. Other divisions were jockeyed wildly from island to island in a frantic attempt to stem the tide of rising American power.

"Finally, in the bitter fight for Manila, a Jap admiral sent forth naval forces to their slaughter. Naval troops under a second admiral have been reduced to remnants on Mindanao. Before the end, the desperate Japanese even threw in civilians and members of their merchant marine.

"Gen. MacArthur, who recently was named overall commander of Army forces in the Pacific, shut the door on his Philippines assignment thus:

"'This great land mass of 115,600 square miles, with a population of 17,000,000 is now freed of the invader'."

The belief was expressed as unlikely on July 5 in some high circles in Washington that Philippine independence would be proclaimed before the end of the year despite Gen. MacArthur's announcement that the islands had been liberated. The Associated Press accounts from Washington added:

"If President Truman decides to withhold his proclamation until that time it is regarded as likely that he will make it coincide with Rizal Day, a major Philippine holiday, Dec. 30. The date marks the anniversary of the death at the hands of Spaniards of Jose Rizal, outstanding Filipino patriot.

"Further reasons advanced against immediate proclamation of independence are that the commonwealth has a general election scheduled for Nov. 6 and that military operations must continue in the islands until the estimated 30,000 remaining Japanese are eliminated."

Steel Output for First 6 Mos. Lowest Since '42

During the first six months of this year the steel industry produced 43,180,223 tons of steel ingots and steel for castings, an amount lower than for any half-year since the middle of 1942, the American Iron and Steel Institute announced on July 11. That tonnage, however, was more than two-thirds of the total steel produced in the entire year of 1929, the record peacetime production year.

The Institute's announcement further added:

"While one month (March) in the first half of this year was the third highest on record from the production standpoint, the industry encountered severe cold weather, floods, coal and labor shortages and other obstacles to production. On V-E Day operations were around 95% of capacity, but in recent weeks the rearrangement of war contracts and a series of sporadic labor disputes have depressed production.

"The six-month production for 1945 was 1,963,000 tons below the record 45,143,390 tons of steel made in the first half of 1944. Operations averaged 91.1% of capacity in the 1945-half-year, compared with 96.9% in the first half of 1944, and calculated weekly production was 1,669,123 tons against 1,735,617 tons.

"Production in June, 1945, was 6,868,717 tons, 582,086 tons below the output of 7,450,803 tons in May. The industry operated at 87.4% of capacity in June, compared with 91.8% in May. Calculated weekly production was 1,601,100 tons against 1,681,897 tons per week in May. In June, 1944, production totaled 7,234,257 tons, while operations averaged 94.1% and weekly production was 1,686,307 tons.

Special Libraries Issues Publication on Maps

Special Libraries Association announces the publication on July 2, of "Classification and Cataloging of Maps and Atlases" by Samuel W. Boggs, Chief, and Mrs. Dorothy Cornwell Lewis, Map Librarian, of the Division of Geography and Cartography, United States Department of State. The announcement states:

"The manual is primarily concerned with practices needed for separate map collections but allows for adaption to a consolidated book and map catalog. Includes information about map projections, prime meridians, centesimal system of latitude and longitude, and other technical notes, accompanied by illustrations. An outline map of the world showing the classification numbers of geographical areas has been included as well as a natural scale indicator."

The publication is regarded as of outstanding importance to geographers, cartographers, scientists, political economists, researchers, and all librarians using maps and atlases. The revised and enlarged edition is limited to 1000 copies. One hundred and eighty pages, printed price: $8.75.

Installment Lending Division Organized

Following the decision of the Council of Administration of the Illinois Bankers Association that the people of Illinois were entitled to the services of banks on installment loans, Floyd M. Condit, President of the Association and President of the First National Bank of Beardstown, Ill. announces the appointment of W. J. Ramm, Vice-President of the First National Bank of Danville, as Chairman of a special Committee of the Association to organize an Installment Lending Division. This Division of the Association will be charged with the responsibility of investigating all phases of the installment lending field from the financing of doctor bills to the installment purchase of all types of durable consumer goods from washing machines to automobiles. The Division will make a study of the best procedures for the handling of this type of business by commercial banks, which will include rates of interest, advertising policies and a general code of ethics to be adopted by the banks.

Bartholomew O'Toole, President of the Pullman Trust and Savings Bank, Chicago, is Vice-Chairman of the Committee and membership includes officers of seventeen banks throughout the State, all of which are engaged in making installment loans.

The Committee is composed of: Edward Damstra, Chicago City Bank & Trust Co.; B. J. Schneider, District National Bank of Chicago; J. F. Keeley, Lake Shore National Bank, Chicago; Elliot W. Frank, LaSalle National Bank, Chicago; Oliver B. Cottle, Merchandise National Bank of Chicago; C. W. Pearson, South Shore National Bank in Chicago; Wm. F. Gregson, The Terminal National Bank of Chicago; J. Louis Kohn, Sears Community State Bank, Chicago; E. T. Kurzdorfer, Uptown National Bank of Chicago; Lincoln E. Bundy, Streator National Bank, Streator; F. W. Zabel, The Merchants National Bank, Aurora; L. B. Wilson, State Bank of Rock Island; A. J. French, Farmers State Bank & Trust Co., Jacksonville; Edward F. Reiter, Jr., Commercial National Bank of Peoria; John H. Crocker, Citizens National Bank, Decatur; L. A. Schlafly, First National Bank & Trust Co., Alton; and R. H. Havens, Bank of Benton, Benton.

The Committee will have its organization meeting the week of September 10th in Chicago.

May Steel Payrolls 2nd Highest on Record

Steel company payrolls during May rose to the second highest monthly total on record, but number of men employed continued the decline which has gone on virtually without interruption since mid-summer of 1942, it is indicated in a report released July 13 by American Iron and Steel Institute, which further adds:

During May steel company payrolls totaled $154,035,100, as compared with $146,954,800 in April and $145,426,600 in May a year ago. The May total is exceeded only by March 1945 payrolls of $154,976,700.

An average of 564,600 employees was at work in the industry during May, as against 567,200 in April and 569,100 in May, 1944.

Wage-earning employees in the industry earned an average of 126.4 cents per hour in May, exactly the same as in April but substantially higher than average hourly earnings of 118.4 cents in May a year ago.

Wage earners worked an average of 47.7 hours per week in May, compared with 46.5 hours per week in April and 47.5 hours per week in May a year ago.

Items About Banks, Trust Companies

The statement of the Chase National Bank of New York for June 30, 1945, made public July 12, shows deposits on that date of $4,952,627,000 (the largest deposit figure yet reported by the bank), which compares with $4,497,560,000 on March 31, 1945, and $4,677,873,000 on June 30, 1944. Total resources on June 30, 1945, amounted to $5,288,247,000 compared with $4,822,301,000 on March 31, 1945, and $4,990,183,000 a year ago; cash in the bank's vault and on deposit with the Federal Reserve Bank and other banks amounted to $887,309,000 compared with $887,573,000 and $886,348,000 on the respective dates; investments in U. S. Government securities, $2,900,026,000 compared with $2,779,461,000 and $2,778,218,000; loans and discounts, $1,159,769,000 compared with $855,787,000 and $1,048,627,000. On June 30, 1945, the capital of the bank was $111,000,000 and the surplus $124,000,000, both figures unchanged during the past 12 months. The undivided profits on June 30, after deducting $5,180,000 from that account for a semi-annual dividend payable Aug. 1, amounted to $57,301,000, compared with $57,372,000 on March 31, 1945, and $43,209,000 on June 30, 1944. The net earnings of the bank for the first six months of 1945 were $1.71 per share, including net profits on securities amounting to 57 cents per share. In the corresponding period of 1944, net earnings were $1.42 per share, including net profits on securities of 19 cents per share. Net current operating earnings for the first half of 1945 were $1.14 per share, compared with $1.23 per share in the first half of 1944.

Total deposits of $1,806,291,273 are shown in the June 30 statement of condition of the Bankers Trust Company of New York, comparing with $1,585,827,778 on March 31, 1945. Total assets have risen from $1,749,872,596 at the end of March to $1,959,483,721 June 30. Cash on hand and due from banks which on March 31 were $274,083,413, are shown on June 30 as $264,549,041. Holdings of United States Government securities have increased from $977,180,771 March 31 to $1,084,819,982 at the end of the half-year. Loans and bills discounted now at $519,800,956 compare with $395,603,887 March 31. Capital at $30,000,000 and surplus at $80,000,000 June 30 are unchanged from the March 31 figure. Undivided profits have increased since the March date, viz., from $29,065,649 to $30,674,761 June 30.

Total assets of $880,310,477 are reported by the New York Trust Co. on June 30, 1945, as compared with $833,420,180 on the same date in 1944. Deposits during the year have risen from $776,837,076 to $813,621,233. Cash and due from banks on June 30, 1945, at $124,799,847, compared with $150,971,486 a year ago. United States Government obligations are now $508,936,054, compared with $455,606,903; loans and discounts at the latest date appear as $219.776-611, compared with $188,349,955 June 30, 1944. Capital continues at $15,000,000, with surplus now $35,000,000, against $30,000,000 on June 30 a year ago. Undivided profits at the end of the current half-year stand at $4,389,901, against $7,138,293 June 30, 1944.

Statement of condition of Sterling National Bank & Trust Company of New York at June 30, 1945, shows an all-time high in resources of $153,439,196, as compared with $131,960,321 on March 31, 1945. Deposits were $146,876,255, also a new high, compared with $115,661,803. Of the June total deposits, U. S. Government deposits totaled $38,004,142, as compared with $12,090,729 on March 31 last; commercial and other deposits reached an all-time high of $108,872,112 as compared with $103,571,074. Capital, surplus and undivided profits totaled $5,368,573, a new high, as against $5,085,242 on March 31. Cash and due from banks amounted to $30,376,544 on June 30, against $26,925,619 on March 31; U. S. Government securities were $86,849,158, a new high, as compared with $75,471,896; State, municipal and corporate securities amounted to $1,071,166, compared with $1,351,605; loans and discounts were $34,198,028, against $27,388,324. Stock in Federal Reserve Bank was increased $7,500 to $150,000 and surplus was increased $250,000 to $3,500,000. Reserves were $878,970, as compared with $725,173.

The statement of condition of the Grace National Bank of New York as of June 30, 1945, shows deposits of $92,942,432 as compared with $74,708,654 on March 31, 1945, and $70,082,422 a year ago. Surplus and undivided profits amounted to $3,420,930 as compared with $3,365,279 on March 31, 1945, and $3,166,388 a year ago. Cash in vault and with banks totaled $17,028,142 as compared with $15,534,161 on March 31, 1945, and $16,049,264 a year ago. U. S. Government securities were $56,254,735 as compared with $41,598,474 on March 31, 1945, and $37,747,590 a year ago. Loans and discounts were $19,052,413 as compared wtih $17,261,572 on March 31, 1945, and $16,981,036 a year ago.

The Commercial National Bank and Trust Company of New York reported as of June 30, 1945, total deposits of $283,766,170.63, and total assets of $306,997,626.85, compared respectively with $224,092,155.24 and $248,125,431.10 on March 31, 1945. The bank held cash on hand and due from banks of $45,075,719.15, compared with $46,670,071.41 on March 31, 1945; investments in United States Government securities of $208,459,135.32, compared with $160,915,430.64 on March 31, 1945. Loans and discounts of $50,078,180.54, compared with $35,250,635.33 on March 31, 1945. The bank's capital account was unchanged at $7,000,000 and its surplus and undivided profit account increased to $11,624,465.45 from $11,378,732.15 at March 31, 1945, after payment of the regular dividend. Net earnings per share for the quarter were $1.10, and for the six months of this year, $2.16.

The Half Dollar Trust and Savings Bank of Wheeling, W. Va., with deposits totaling nearly $6,000,000, has been admitted to membership in the Federal Reserve System, it is announced by President Ray M. Gidney of the Fourth (Cleveland) Federal Reserve District. The bank, in continuous operation since 1896, serves a trade population estimated at 125,000, employed chiefly in industries such as iron, steel, tinplate, glassware, tobacco products, meat packing and coal mining. It capital is $250,000 and its surplus $100,000. T. F. Thoner is Chairman of the Board of Directors of the bank; Austin V. Wood is President and director; J. H. Thomas is Executive Vice-President and director; John J. Nash is Vice-President and director; Edward W. Dreihorst is Vice-President and Secretary and director; T. S. Thoner is Cashier and C. W. Keys is Assistant Cashier. Originally incorporated in 1896 as the Germania Half Dollar Savings Bank with a paid-in capital of $25,000, the bank's name was changed in 1918 to Half Dollar Savings Bank, and in 1929 was again changed to Half Dollar Trust and Savings Bank. Directors of the bank in addition to the officers are: Carl G. Bachman, C. H. Brues, L. F. Committee,

(Continued on page 344)

Boren Attacks "Trick" Utility Sales

(Continued from first page)

version of the industry to some form of tax-exempt public ownership, this $468 million of annual revenue could be capitalized in revenue bonds at 2% to 3%. The total sum of such issues which such a revenue would support would be from $15.6 billion at 3% to $23 billion at 2%.

In other words, the $18 billion industry could be sold to the public at a 100% write-up, more or less, or from $33 to $41 billion. Of course I do not contend that the public would be milked quite that dry. The bankers would have to sweeten these deals with enough sugar to attract public interest. But if they cut the gravy evenly they still would reap many billions.

This scheme already has worked in Omaha, where the $32 million Nebraska Power Co. has been sold to a fake "non-profit corporation" of four men for the swindle price of $45 million. It is believed to be in the process of negotiation in Seattle, Portland, and Spokane. It will sweep the country unless stopped. Louisville, Ky., and Cincinnati, Ohio, are listed on the bankers' books.

This conspiracy against the Treasury was hatched in Wall Street. It is the instrument of the very men who milked the public in the gay twenties when they assembled these holding companies at inflated prices and who now are going to milk us again in unscrambling their pyramided and hypothecated monopolies. They would hook us coming and going.

As a matter of fact, I have a short title for this trick corporation plan. I called it "Swindle, Inc.", with apologies to the New York prosecutor of "Murder, Inc." It is a pat term because it is an unique method of swindling the Federal taxpayer of billions by a new application of the corporate device.

For some months now I have learned this story, bit by bit, as complaints of these abuses came to me as a member of the Securities Subcommittee of the Interstate Commerce Committee. I have had conferences with some of the persons affected. Only after learning the amazing ramifications of this widespread scheme did I suggest to the Chairman of the Interstate Commerce Committee that a fuller and official study would be required. Information brought to me indicates that two men, one a Wall Street promoter with a questionable past, and the other the President of a holding company, are the chief instigators of Swindle, Inc. The first and most important figure is a Wall Street "financial agent," one Guy C. Myers—known as "Flash" Myers to his friends back in Montana before he made a hurried exit from that State some years ago. His opposite number among the holding company gang is Howard L. Aller, President of American Power & Light Co. of New York City.

It was Aller who unloaded the common stock of Nebraska Power Co. on Myers's synthetic "non-profit" corporation, the Omaha Electric Committee, Inc., for $14.4 million—stock that cost the American Power $815,000 and which had a legitimate earning value that might possibly justify a price of $5 million.

The Omaha Electric Committee, Inc., sets the pattern for Swindle, Inc. Aller's company received three times the rightful price for his property. And "Flash" Myers got an agent's commission of a known $530,000. A sweet deal for everybody—except for you and me and the rest of the taxpayers. And they've got a capital base so high that substantial rate reductions in Omaha are far away now.

The Omaha Citizens Committee, Inc., is ostensibly only a middle-man, a corporate vehicle which will buy Nebraska Power and re-sell it to Public Utility Districts. But it deliberately purchased the property at a fictitiously high price—if we include Federal tax revenues—and must re-sell to a publicly-owned district at the same or a higher price. It's an almost incredible, but true, story.

Meantime Aller and his pal "Flash" are cooking up a couple of other and even more ambitious deals. There is sound reason to believe that Aller is secretly negotiating the sale of Washington Water Power Co. in and around Spokane to one of Myers's Swindle, Inc., type corporations.

Washington Water Power Co. is owned by American Power. Its common stock has an earning value of about $20 million. But Myers, by capitalization of Federal tax avoidance, can pay $50 million, the price referred to recently in a report in the very reliable "Wall Street Journal."

Another deal reported to be on the fire between these two men involves the Pacific Power & Light Co. and the Northwestern Electric Co., adjacent companies of the American Power system, with headquarters in Portland, Oregon.

Still another Swindle, Inc., deal involves the Puget Sound Power & Light Co. of Portland—a property Myers has sought to acquire by hook or crook for years. When, under the Holding Company Act, this company was up for sale, Myers tried to get his hands on Puget Sound through a series of contracts with local Public Utility Districts. But Dr. Paul Raver, Bonneville Administrator, was called in by the Districts to act as an appraiser of the value.

Dr. Raver set the price at $90 million. The parent company, Engineers Public Service Co., held out for $95 million. The deal fell through and Engineers severed its interest in Puget Sound by distributing the common to its stockholders. Now Myers is reliably reported to have formed a syndicate of Wall Street banking houses to buy up the stock of Puget Sound at $130 million through the agency of another of his fake "non-profit" corporations of the "Swindle, Inc.," type. The deal is designed to net the common stockholders $112 million after deductions for capital gains taxes. This is $40 million, or about 45%, more than Dr. Raver found to be the legitimate value of the property.

It should be borne in mind that this prostitution of the cause of public ownership by a boodle bund of Wall Street promoters, holding company executives and their investment banker allies, finds no support from sincere and honest believers in public ownership. No more succinct summary of the attitude of such people can be found than in the statement of Dr. Raver, on June 25, when he is reported by the Associated Press as asserting that—and I quote here:

> "If the savings inherent in public ownership"—unquote—refers of course to freedom from Federal taxation—again I quote: *"If the savings inherent in public ownership and operation are passed on to the absentee owners of the private utilities in the purchase price the primary purpose of public ownership is defeated."*

I should like to explain one more angle in the Swindle, Inc., boodle bund, and then I am done. That is the investment banker interest in Swindle, Inc. The investment bankers are the immediate market for these revenue bonds. Some of the blue chip banking outfits of the country are involved: Blyth & Co., Nuveen & Co., First Boston, Dillon-Reed and others.

These companies are in business to float stock and bond issues—to sell them to the public. If they float a privately-owned utility issue they must submit to the SEC regulated and supervised conditions of open, competitive bidding. This results in a middleman's margin of between 1% and 2%. But revenue bonds, issued by another instrumentality of Government—at a lower-than-Federal level—are not subject to SEC control. The result is that cozy little negotiated deals usually result in as much as a six or even a seven point spread. It is the difference between rags and riches. And it leaves a wide margin for promotional expenditures in the field of local politics.

I may have over-simplified my explanation of this situation. But any detailed explanation would require hours of your time and properly belongs in the records of a committee hearing. But I might add here that I have in my files a large collection of revealing data on the whole subject. This study of ours is not going to be a witch hunt. I don't blame the SEC, the FPC, or even the bankers and holding companies. This is a situation that developed in recent years largely due to the quadrupled Federal taxes on the private utility industry as a war-time burden. But the same plan could readily be applied to almost any other industry. This is a condition that must be explored and reported to Congress. We passed this law and we must make it work the way we intended it to work.

This wholly unforeseen development has resulted in the miscegenation of the worst elements of the Marxian and the capitalistic thinking. These worst elements are dedicated to the premise that the end justifies the means.

They are joined in a temporary mating, seeking different ends. The one seeks public ownership at any price—and high though it may be, this is one way to get it. The other seeks to make money without regard to the source. The Marxians care not how high the price, so they attain their end. The bankers care not how they foul the nest of capitalism, if they can turn an "honest" penny.

Swindle, Inc., today is legally foolproof. There is no statute to my knowledge that can stop this swindle of the Federal Treasury. If there were this study would not be needed.

It is my purpose to probe deeply into the techniques of these people and seek to discover the best means of preventing what amounts to legal thievery from the Federal Treasury of a half billion dollars annually. At least if these properties are to go to

Maryland Banks 100% In ABA Membership

Fifteen new member banks were added to the rolls of the American Bankers Association and twelve inactive members were regained during June, according to a report of the Association's Organization Committee made by its chairman, R. L. Dominick, who is also President of the Traders Gate City National Bank, Kansas City, Mo. Maryland regained its single inactive member during June, and thus became the 14th state to achieve 100% membership in the Association this year.

Defends Omaha Electric Deal

Guy C. Myers' Part in Arranging Sale Said to Have Saved Millions to Consumers.

Testifying on July 12 before the House Committee, headed by Rep. Lyle H. Boren, of Oklahoma, which is investigating the sale of public utility properties to municipalities under the Public Utilities Holding Act, the Associated Press reports that John B. Dawson, said to be former associate of Guy C. Myers, of Seattle and Washington, who negotiated the purchase of an electric property in Omaha, Neb., on behalf of the Omaha Electric Committee, Inc., defended the latter from the accusation that millions were made in the deals by the negotiators at the expense of the consumers. On the contrary, Mr. Dawson maintained that consumers were saved millions of dollars by the deal.

Mr. Dawson refuted the criticisms of Mr. Myers made by Representative Boren, and by William Ritchie, an attorney of Omaha. Mr. Boren had told the House in a prepared address that Mr. Myers was "instigator" of a "trick corporation scheme to swindle the taxpayers out of millions of dollars."

Mr. Myers merely performed a professional service in Nebraska, just like any broker," Mr. Dawson told the Committee. "He received a commission for his work which was a legitimate part of the cost of acquisition of private power companies by public groups. He negotiated the sale of 17 private firms purchased by the Consumers Public Power District and it was a remarkably successful operation. Approximately $5,000,000 in debt has been paid off and consumers have been saved a million dollars yearly in rates."

Mr. Dawson also informed the Committee that Mr. Myers had been recommended as a negotiator by J. D. Ross, a former chairman of the Securities and Exchange Commission who had studied the Nebraska power situation, and that Mr. Ross had made his study at the suggestion of Mr. Roosevelt or his advisers.

Disputes Boren's Accusations

(Continued from first page)

Power. Immediately, leading citizens became active in efforts looking toward the acquisition of Nebraska Power by the city of Omaha.

"Despite apparently insurmountable difficulties, these efforts have now reached a point where Nebraska Power is currently owned by the Omaha Electric Committee. This Omaha Electric Committee is now functioning as a temporary vehicle between private and public ownership.

"During this period the property is paying full Federal taxes the same as a private corporation would do. Actually, the recognized function of this temporary organization is to bridge the gap pending the completion of a public power district. This public power district has been authorized by the Nebraska Legislature approved by the Governor, and thoroughly discussed in the area affected.

"Whether the price paid was high or low, it was the Federal Government that is largely responsible for the legal obstacles and trick hurdles used by the seller to make difficult the consummation of public ownership.

"Until this property is actually in the hands of the planned public power district, it will continue to pay Federal taxes. After that Commission takes over its operation, Nebraska Power, under public ownership, will and should enjoy the same tax exemption as TVA, Bonneville, and other governmentally owned utilities throughout the country. The Administration of which the gentleman from Oklahoma is a part has long espoused the cause of public power—which makes tax exemption automatic. They should be the last to oppose such benefits becoming available to the city of Omaha and neighboring communities.

"As a matter of record, Nebraska has for years occupied a position of leadership in progressive legislation. In the field of public ownership of utilities, the Metropolitan Utilities District of Omaha, serving water, gas and ice, has demonstrated to the nation competence and efficiency in public ownership."

As a result of the controversy over the sale of the Nebraska Power Co. to the Omaha Electric Committee, Inc., an investigation of the matter has been authorized by the House Interstate Commerce Committee subcommittee and hearings are to begin shortly. Mr. Boren has stated that the subcommittee of which he is Chairman, is not prejudging the Omaha case, but merely wants all the facts.

public ownership, then the tax avoidance involved should be passed on to the public in reduced rates and not to Wall Street bankers who will then have caught the public twice—coming and going.

New Directors of Savings Loan Bank

Ralph H. Davies, Executive Vice-President of the Homestead Savings and Loan Association, Utica, N. Y., and Norman H. Polhemus, President of the Home Co-Operative Savings and Loan Association, Poughkeepsie, N. Y., have been elected directors of the Savings and Loan Bank of the State of New York, according to an announcement by William J. Dwyer, President of the Bank. Mr. Davies has been associated with the Homestead Savings and Loan Association since 1924 and was elected Executive Vice-President in 1942 after having served as Treasurer since 1936. He has taken an active part in matters pertaining to the Savings and Loan industry and served as the first President of the Utica Chapter of the American Savings and Loan Institute. In addition to his activities in Savings and Loan affairs, he has also contributed toward civic affairs in Utica and is a director of the Utica Fire Insurance Co., the Better Business Bureau, and is a member of the Oneida County War Loan Committee.

Previous to joining the Home Co-Operative Savings and Loan Association, Mr. Polhemus had been with the General Electric Co. in Baltimore and was also employed by the Central Gas & Electric Corp. He has taken an active part in Savings and Loan activities and was a member of the State League Committee on Uniform Accounting and Auditing Practices. During 1939 and 1940 he served as President of the Poughkeepsie Chapter of the American Institute of Banking and attended the graduate school of the Savings and Loan Institute. At the present time he is a director of the Poughkeepsie Chamber of Commerce, a trustee of Vassar Institute and the Dutchess County Red Cross.

Full Employment Act Opposed by Commerce And Industry Association as "Not Workable"

In a four page statement issued July 16 opposing the Full Employment Act of 1945, the Commerce and Industry Association, Inc., insists that "the plan is not workable" and points out that "it is the striving for jobs which makes jobs." The Act was sponsored by Senator Murray and is now before the Committee on Banking and Currency. "Its purpose is seemingly to encourage private enterprise to provide employment, but in case it does not succeed, the Act, through anticipation of such a result, provides a way for Government to take over through a separate National Budget," the Association warned.

A copy of the statement was sent to every Senator and Congressman by Thomas Jefferson Miley, Secretary of the Association. "The intention of Congress to encourage employment is a very worthy object and a sound political purpose," wrote Mr. Miley. "On the other hand, if legislation is developed and made active whose tendency would be to make for unemployment, it would be most unfortunate for the country, no matter how fine the purpose might be." The statement said in part:

"If the bill became law, it would undoubtedly prove to be most harmful to the people of the United States, as it is founded on wrong principles. The bill apparently contemplates the setting up of a balanced budget that will cover the complete economy of the United States of America. The figures of receipts and expenditures of the Federal, State, municipal and local governments of the country, and of the corporations, partnerships and individual activities, would be brought together into one complete statement. After this was accomplished it is planned to maintain investment funds in the nation at the level that might be necessary to provide jobs for all—in other words, full employment.

"A budget of this scope could not possibly be brought together and maintained even through the establishment of a tremendous bureaucracy. No way has yet been found for manipulating investment funds in and out of Government in such a manner as to hold employment on an even keel. Our economy, as carried on under the private enterprise system, has such an infinity of individual activities and contacts that they would not be controllable in a central bureau."

The Association agreed that statistical information of a certain character is of value, but pointed out that such data do not make a magic mirror through which one may peer into the future. "The Government already, through various of its 1,100 agencies, is now in possession of practically all of the economic facts available," said the statement. There is a great overlapping and duplication by the agencies which obtain statistics bearing on the business of the country.

Emphasizing the importance of individual initiative, and suggesting that Congress has an obligation to maintain this traditional American virtue, the statement said:

"It does not seem to be realized by those who sponsored Bill S. 380 that the number of jobs open cannot be measured by the amount of investment. The use of money by individuals sometimes results in creating jobs for great numbers of men in proportion to the amout involved, and sometimes for very few. It has been proved conclusively, however, that money spent by Government does not yield true jobs, meaning those which are productive, to anything like the extent that prevails when funds are utilized under the private enterprise system. Proclaiming through legislation that men have the 'right to a job' would inevitably steal the individual initiative of vast numbers of persons who would otherwise strive for jobs. It is the striving for jobs which makes jobs."

Some of the considerations advanced by the Association which must be taken into account if general employment is to exist, were:

"(1) Confidence on the part of the people that the economy of the country will be allowed to function by Government if carried on under right principles.

"(2) Business confidence cannot prevail if Government undermines industry through unwise curtailing laws, competitive practices, or usurpation of business or industrial procedure.

"(3) Government competition can destroy private enterprise even though Government may operate under a huge bureaucracy, because it can charge its losses to taxes and it pays no taxes itself.

"(4) Profit incentive is the spark that motivates business and industry under the private enterprise system.

"(5) Expenditures of Government must in time of peace be kept within the power of the people to meet them through taxation that does not take such a percenage of profit as to kill incentive, prevent the creation of new enterprises, and the expansion of the old, which provides jobs for men and women. There is no inducement to take business risks which make for employment if Government takes the profits and the entrepreneurs the losses.

"(6) Government under great bureaucracies inevitably leads to despotism, the loss of freedom, and ultimately the complete dissipation of security. The red tape that is unavoidable under bureaucratic government not only results in tremendous costs that a community cannot afford, but results in slowing up production and so makes for unemployment.

"(7) Labor laws in the interests of production and jobs must be fair to both labor and industry. If present labor laws are reconstituted so as to be fair to both labor and industry, it will make for employment.

"(8) If agriculture lives off the taxation of industry, it will make for unemployment in industry. When this occurs, and workers in industry are laid off, in self-protection they take to the growing of food either through their own vegetable gardens or by working on farms. Thus, instead of such labor making a market for the products of agriculture, their activities increase the supply of agricultural goods, and the market they provided is largely lost. Congress should make a careful study of this situation and bring the laws which relate to agriculture into such form that they will protect both agriculture and industry."

N.Y. Banks Again Trade In Pound Sterling

On June 30 liberalized British Treasury exchange regulations went into effect, and with the reestablishment of a partially free market for British pounds sterling in the United States and Central America minor fluctuations in the pound resulted, according to a review of the factors involved appearing in the "Wall Street Journal", July 6.

Early in the first week of July, according to the "Journal" account. there started some slight inter-bank transactions in the New York market, the first hint of a revival in the foreign exchange market in several years. Toward the end of the week leading New York banks quoted the "free" pound at buying rates from $4.02½ to $4.02⅞, with selling rates from $4.03⅛ to $4.03½.

The 'Wall Street Journal" continued:

Fluctuations will remain small as long as the Federal Reserve Bank continues in the market at $4.02½ as a buyer and $4.03½ as a seller. These rates have been maintained by the Federal Reserve as agent of the Bank of England for the past few years, buying and selling sterling to private banks. Private banks, under the arrangements in effect prior to June 30, could clear their sterling transactions either through the Federal Reserve, at these official rates, or could trade directly with their correspondents in London.

There was no inter-bank trading in New York City, and dealings of U. S. banks with certain Latin American countries (Central American accounts) were limited to sales only.

Under the new British Treasury regulations, New York banks are now at liberty to trade with each other as well as with banks in any of the other 13 designated Latin American countries.

The pound sterling rate will be governed from now on, by supply and demand. But of necessity it will be kept within fractions of the old official rate ($4.02½-$4.03½) as long as the Federal Reserve Bank buys and sells even on an informal, day-to-day basis. Should the Federal Reserve withdraw from the market, fluctuations easily could become more pronounced.

British exchange regulations published on June 30 are applicable to holders of sterling balances in 14 countries of the western hemisphere. These are the United States, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Salvador and Venezuela. The omission of the remaining Latin American countries from this list is because Great Britain has bilateral clearing arrangements with them and as long as these arrangements exist the flow of pound sterling, back and forth between Great Britain and these countries must remain a strictly one-lane traffic affair.

Prior to June 30, sterling balances of U. S. individuals or corporations were held in "U. S. registered accounts," and sterling balances of Central Americans in "Central American accounts." These two designations have now been eliminated, and the United States, together with the other 13 Central American and South American countries have been welded into one regional block, as far as British exchange regulations are concerned.

The 14 countries within this area can now freely buy and sell sterling balances from and to each other, can make remittances from these balances to residents in the the "sterling area," comprising most of the British Empire plus some other countries such as Egypt and Iraq, and can use them in payment of imports from the United Kingdom.

Another important feature of the British Treasury's new exchange decree is an exchange guarantee of $4.02½ to the pound valid until September 30, 1945, for balances in U. S. registered accounts as of June 30, 1945. During that period of three months, U. S. holders of these balances have been granted an option to apply for their conversion into dollars, at the above rate, and their remittance to the United States.

The new regulations do not affect the position of U. S. holders of British securities. They, in common with other holders resident outside the sterling area, will be normally granted licenses to sell their securities only for the purpose of reinvestment, as heretofore. Subsequently, there has been no easing of regulations in this respect.

The State of Trade

(Continued from page 330)

and 60% for corresponding week last year.

Wholesale Commodity Price Index—A sharp decline toward the close climaxed the unsettled course of the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., the past week. The index finished at 176.89 on July 10, as compared with 177.87 a week earlier and with 172.76 at this time a year ago.

Wide price fluctuations featured leading grain markets during the week, with rye values showing marked declines under heavy liquidation, prompted largely by additional restrictions imposed by trading in futures markets. Wheat, while active for a spell, dropped sharply, reflecting the break in rye and increased receipts of new winter wheat. Late harvesting in the southwest affected the movement of new wheat and as a result shipments have failed to come up to expectations. Oats and barley were also lower for the week, but corn held firm due to lack of receipts at terminal markets.

Wholesale Food Index Off—Marking the first decline in nine weeks, the wholesale food price index, Dun & Bradstreet, Inc., reports, fell 2 cents to stand at $4.09 on July 10. This contrasted with $4.03 for the like date a year ago, or a rise of 1.5%. There were no individual price advances during the week. Declines occurred in rye, oats, eggs, potatoes and lambs. The index represents the sum total of the price per pound of 31 fools in general use.

Business Failures Rise—There was a sharp rise in commercial and industrial failures for the week ending July 12, reports Dun & Bradstreet, Inc. Concerns numbered 25 against 9 last week and 15 in the corresponding week of 1944. This is the third time since the spring of 1942 that failures have exceeded those in the comparable week of the preceding year. Both large and small failures were higher than a year ago. The increase from last week was greatest among large failures involving liabilities of $5,000 or more, where the number of concerns failing was almost twice that of a year ago. On the other hand, small failures with liabilities under $5,000 numbered 7 in the week just ended as compared with 3 last week and 5 a week ago.

Retail failures at 12, comprised a little less than half of the week's failures, showing an increase of 10 from the previous week and tripling the number in the corresponding week a year ago. Both in the manufacturing and wholesale trade the number of failures topped that of the preceding week and of the comparable period last year.

Geographically, the rise was sharpest in the Middle Atlantic States where failures numbered 11 against 1 in the preceding week. The only other region showing a marked increase was the Pacific area which numbered 7 against 3 in the previous week.

Three Canadian failures were reported against 1 in the previous week and 1 in the comparable week of 1944.

Retail and Wholesale Trade—Retail trade continued active in most sections of the country last week, upsetting calculations that volume had begun a downtrend. Many merchants see the present activity as a harbinger of heavy volume turnover.

For the week ended July 7, nation-wide sales of department stores showed the extremely sharp rise of 32% over the like period last year, according to the Federal Reserve report. In a number of areas, however, the week contained an extra business day compared with 1944. Industrial cities such as Philadelphia, Cleveland and St. Louis had the largest percentage gains.

The wholesale markets were quieter, but were buoyed by indications of better supplies for both third and final quarters of the year.

Department stores sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended July 7, 1945, increased by 32% and compared with a gain of 16% in the preceding week. For the four weeks ended July 7, 1945, sales increased by 21%, and for the year to date by 13%.

According to the Federal Reserve Bank's index, department stores sales in New York city for the weekly period to July 7, increased by 26% above the same period of last year. This compared with a gain of 18% in the preceding week. For the four weeks ended July 7, 1945, sales rose by 23%, and for the year to date by 14%.

Ill., Wis. Savs. Loan Ass'ns Increase Assets

During the three war years 1942-1944, Illinois and Wisconsin savings and loan associations which are members of the Federal Home Loan Bank System increased their assets by 29.7%, A. R. Gardner, President of the Chicago Regional Bank of the System, announced on June 25. The combined resources of those 454 home financing institutions in the state totalled $619,274,780 on Dec. 31, 1944, as compared with $477,447,368 at the end of 1941, Mr. Gardner said. Over the same period, he reported, government bonds and cash held by those associations rose from $32,959,232 to $157,463,954, with the result that their liquid assets now are equivalent to about 25.4% of their total resources—an all-time record ratio. According to Mr. Gardner "during the war years, excess funds of the public have flowed into savings and loan associations in high volume. Repayments on home loans have risen, and the proportion of withdrawals to new investments in the associations has dropped. At the same time the outlet for investments by the institutions in construction loans has narrowed sharply, because of necessary wartime restrictions on home building. Increasingly, associations have placed their surplus monies in government bonds, a relatively new form of investment for them. In consequence—as one by-product of our present economy—associations in Illinois and Wisconsin will go into the post-war period prepared to finance a large share of the great number of homes that will be built in the years following the final defeat of Japan."

In addition to their purchases of government securities, the Illinois and Wisconsin member institutions of the bank system have sold War Bonds and Stamps in the amount of $112,673,000, making a total contribution of approximately $270,000,000 to the U. S. Treasury's war financing program, he said. Other three year changes in the combined balance sheet for the associations are reported to include:

"A rise in mortgages held from $364,528,040 to $413,932,649.

"An increase in reserves and undivided profits to $46,690,833, or by 39.4%.

"A decline in 'real estate owned' —often a troublesome item for financial institutions in the early 'thirties—from $25,046,322 to a nominal $5,184,466."

Truman, Churchill and Stalin Meet at Potsdam

The "Big Three" conference of President Truman, Britain's Prime Minister Churchill and Premier Stalin of Russian is in full session at Potsdam, just outside of Berlin. Reports coming to this country of the meeting give merely the information that the leaders are holding important discussions, but according to the dictum handed news correspondents, no details of the talks will be forthcoming until the conference has ended.

From Berlin, July 17, a wireless message to the New York "Times" by Raymond Daniell reported that President Truman was chosen on that day by Premier Stalin and Prime Minister Churchill to preside over the meetings of the "Big Three." The selection of Mr. Truman to preside, said the "Times" account, was made at the first formal session of the conference, at which, according to a communique, a preliminary exchange of views on common problems took place. Mr. Daniell also reported in part:

"At the same meeting, which began at 5 p.m. and lasted an hour and a half, it was decided that the three Foreign Secretaries, Anthony Eden, James F. Byrnes and Vyacheslaff M. Molotoff, should hold regular meetings to prepare the agenda of the conference. This information, which came in the communique, issued just before midnight, was the first break in the secrecy surrounding the deliberations of the heads of the three major victorious powers."

The communique, issued jointly by the three heads of Government, follows:

"The Berlin conference of the heads of government of the United Kingdom, the United States and the Soviet Union met this afternoon at 5 o'clock. By invitation of his two colleagues, the President of the United States of America will preside at the meetings of the conference.

"A preliminary exchange of views took place on matters requiring decision by the heads of government.

"It was decided that the three foreign secretaries should hold regular meetings with a view to preparing the work of the conference."

President Truman traveled to Europe on the United States Cruiser "Augusta," famed for the Atlanta Charter meeting of President Roosevelt and Prime Minister Churchill, in 1941. Arriving at Antwerp, Belgium, he drove from there to Brussels, where he boarded a plane for Germany, arriving at the Berlin airfield the afternoon of July 15, and from there drove immediately to Potsdam for the tripartite conference.

The President has indicated his anticipation of the conference lasting considerably longer than any previous conference of the three nations' leaders, due to the fact that many more problems exist to be settled and many more decisive issues are ready for discussion. It is the President's hope, the Associated Press reported from the "Augusta" on July 13, that the present conference may lay the groundwork for a permanent peace in Europe.

Mr. Truman is understood to have made a resolve against any secret commitments at his first "Big Three" meeting, but is also understood to be prepared to offer reasonable American cooperation toward the rehabilitation of Europe, expecting in return assurances that the European countries would work together for adjustment of issues that might carry the germs of war.

He was represented as feeling that a primary basis of American policy was readiness to help, when help would be welcome, in getting the United States' friends together when they disagreed.

The President holds the laying of a groundwork for permanent peace in Europe as an objective second only to speedy victory over Japan at the lowest possible cost in lives.

The President took with him to Europe an impressive group of advisers, and worked almost continuously during the Atlantic voyage with Secretary of State James F. Byrnes and Fleet Admiral William D. Leahy, the President's personal Chief of Staff. Other members of the President's party at the Potsdam conference are, according to New York "Times" advices, Secretary of War Henry L. Stimson, W. Averell Harriman, United States Ambassador to Russia; Joseph E. Davies, special adviser to the President, who arrived after a brief conference at London with Britain's Foreign Secretary Anthony Eden; also Generals of the Army George C. Marshall, Dwight D. Eisenhower, and Henry H. Arnold, and Fleet Admiral Ernest J. King; also General Brehon B. Somervell.

Prime Minister Churchill was accompanied by his daughter, Mary, and by Mr. Eden and the chiefs of Britain's air, naval and land forces; also his close friend, Lord Cherwell, who attended the San Francisco Conference.

It is said to be President Truman's plan to give a complete report of his conference with the other leaders to Congress immediately upon his return to the United States.

The departure on Saturday, July 7 of President Truman for the "Big Three" conference near Berlin was made known in press advices from Washington on July 9. Reporting that he had sailed the previous Saturday from the Norfolk, Va., naval base the United Press July 9 stated:

"This indicated that his first meeting with Premier Stalin and Prime Minister Churchill would begin within ten days. The President himself hinted recently that it would start on or before July 17.

"The time of the sailing coincided with a White House announcement that if Mr. Truman and Secretary of State James F. Byrnes traveled to the conference by air, they would use different planes to eliminate the possibility of both being killed or incapacitated in an accident.

"Mr. Byrnes, next in line for the Presidency because there is no Vice President, is aboard ship in the Presidential party, which is larger than those that usually accompanied President Roosevelt. Also with the President are Assistant Secretary of State James Dunn and Charles E. Bohlen, special assistant to Mr. Byrnes and an expert on Russia. Mr. Bohlen was Mr. Roosevelt's interpreter at conferences with Premier Stalin.

"The chief purpose of the "Big Three" meeting is to make plans for the European peace conference. It also is likely that the "Big Three" will discuss whether and when Russia will enter the war against Japan.

"This is Mr. Truman's first journey outside the United States since he succeeded Mr. Roosevelt."

From Washington July 10, United Press accounts said in part:

"Because of security considerations, no advance announcement of the date of Mr. Truman's arrival can be made, according to the White House press secretary Charles G. Ross, who is accompanying the President.

"The skipper of the fighting ship that Mr. Truman chose for his first Atlantic crossing since he returned from France after World War I is Capt. James H. Foskett

"Another cruiser makes up the force carrying the Presidential party. Rear Admiral Allan R. McCann is in command, with Capt. Robert L. Boller commanding the flagship. It is a veteran of the African, Sicilian, Italian and Normandy campaigns.

"As he headed for the "Big Three" conference to map the end of the war and lay the groundwork for a durable peace, the President traveled under conditions drastically changed from those obtaining when Germany was still fighting. There was no blackout. No destroyers or aircraft covered the cruisers, which were churning along in picture-perfect weather."

Savings and Loan and Other Institutions Qualify in Bond Redemptions

New Treasury Department regulations governing the simplified plan for the redemption of Savings Bonds of Series A through E, were made available on July 2 by Secretary Morgenthau, who pointed out that "the Public Debt Act of 1945 authorized him under certain conditions, to utilize savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks and similar financial institutions to make payments in connection with the redemption of these bonds." "Up to this time," said Mr. Morgenthau, "such payments have been made only by the Treasury Department, the Federal Reserve Banks and their branches, and incorporated banks and trust companies which have qualified for that purpose." Secretary Morgenthau's advices of July 2 added:

"Before any of these institutions will be permitted to make any such payments they must apply to and be qualified by the Federal Reserve Bank of the District in which they are located. Under the Act and the regulations, an institution must meet the following tests in order to be considered eligible to qualify to pay the bonds. It must (a) be incorporated under Federal law or under the laws of a state, territory, possession, the District of Columbia, or the Commonwealth of the Philippine Islands; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) be under the supervision of the banking department or equivalent authority of the jurisdiction in which it is incorporated; (d) maintain a regular office for the transaction of its business; and (e) be open daily and observe regular business hours. Full details with respect to qualification, the scope of authority of paying agents and the details of payment and accounting will be found in Department Circular No. 750, Revised.

"The experience of incorporated banks and trust companies in paying these bonds during the last nine months warrants a slight reduction in the scale of reimbursement to paying agents for the bonds which they pay and forward to the Federal Reserve Bank which qualifies them. Effective as to bonds paid on and after July 2, therefore, the reimbursement which agents now qualified, as well as the new agents which will qualify under the revised regulations, will be entitled to claim will be 15 cents each for the first 1,000 bonds paid in any one calendar quarter and 10 cents each for all over 1,000 bonds paid in the quarter."

Approve Changes in G. I. Bill of Rights

A general broadening of provisions in the G. I. Bill of Rights would be achieved in the legislation which won approval from the House Veterans' Committee, July 10. according to advices from the United Press that day from Washington. The proposed amendments are said to "do away with some of the red tape and delay that has accompanied the administration of the G. I. bill—especially the loan provisions." They would:

1. Liberalize the educational provisions of the bill to permit veterans to take short, high-cost correspondence courses as well as regular college or academic courses.

2. Increase the monthly compensation of a veteran taking an educational course to $60 a month for a single man and to $85 a month for a veteran with one dependent. Under present law a single man receives $50 a month for sustenance and an ex-service man with one dependent $75 a month.

3. Eliminate the necessity of having the Veterans' Administraiton approve the loans made to veterans by private bankers under the loan provisions.

Earlier, a majority of the committee had protested as "premature" approval last Friday by a 12-member quorum of a bill by the committee chairman, Representative John E. Rankin, Democrat, of Mississippi, to exempt war veterans from closed-shop provisions of union contracts, the United Press reported, and continued:

In their "minority" report 11 of the committee's 21 members charged that the measure was rushed through without full hearings and before it was determined whether such reemployment rights for veterans actually are needed.

The committee, in approving the G. I. bill amendments, voted down an attempt by Representative Rankin to include his $1,040 bonus bill.

"This does not mean that the bonus bill is dead," one member said. "It merely means that we have deferred action on it until some future date. The bonus issue will certainly come before us again."

Under present provisions of the bill unemployed ex-service men are eligible to receive $20 a week for one year. Representative Rankin has condemned it as "encouraging idleness," and his measure would give all service men—both employed and unemployed—$1,040 as a "readjustment compensation."

The Rankin bill approved July 6 would require that compulsory union membership or maintenance of membership contract provisions be waived for discharged service personnel.

Nat'l Service Life Insur. Policies Extended

President Truman on July 3 signed House Bill 2949, extending the life of five-year-term National Service Life Insurance policies an additional three years from Dec. 31, 1945, the Veterans Administration reported. Approval of the Act, affecting 17,627,500 policies amounting to $136,242,260,000 in face value, automatically extends the benefits of this insurance to members of the armed forces at premium levels originally specified in the National Service Life Insurance Act of 1940, it was stated by Brig. Gen. Frank T. Hines, Administrator of Veterans' Affairs. It is stated that insurance already converted to the three existing plans—ordinary life, 20-payment or 30-payment life—is not affected by the extension or by the premium rate extension. It is added that "the effect of the Act will be to extend for three years all insurance benefits now available to those in the armed forces without the necessity of any change being made in any allotments or deductions now in force. There will be no change in premium rates because of the time lapse between the original Act and this extension. No other changes were made in any of the provisions of the law."

From Washington Ahead Of The News

(Continued from first page)

their night club bills to the Standard Oil of California, and the correspondents joined in on this check signing melee.

Connally, particularly, has been having high glee over the timid souls who appeared before the Senate Foreign Relations Committee to oppose the San Francisco pact. Cartoons in the newspapers are showing the bedraggled League of Nations standing on the side looking in amazement at the ease with which this pact of peace loving people is going through with only Senator Hiram Johnson feebly seeking to thwart it.

That this program will be passed by the Senate, there is not the slightest doubt, and the Senators, being gentlemanly and clubable, will go over and shake hands with Connally and Vandenberg, and if Stassen should happen to fly here by Navy plane, with him. They will do this in the attitude of: "You have pulled off a tremendous racket. We wish we could have gotten in on it." Their position will be strictly one of envy.

There is this about our so-called statesmen. They have their industry. In other words, as some men produce automobiles, and come to be leaders of the automobile industry, these men produce politics and when they go off to a thing like the San Francisco conference, that is an achievement such, for example, as if they had been designated as delegates to the Rotary international. But the newspapers give more space to the politicians because they are "public men engaging in big tasks." To be able to participate in these international conferences, they have had to be in big favor of the appointive power, just as the Rotary delegates have had to play ball with their appointive power. You can imagine what a big break it was, for man and wife, for a Senator or somebody else to be named for the greatest circus of all. Even if these men, including Stassen, never get any further in their business, which happens to be politics, instead of insurance, they will have a wonderful time telling their grandsons, and anybody else who wants to listen, about how they met a lot of queer and funny dressed people.

The plain facts are that with all this nonsense, we are in for a helluva lot of trouble. Twice in a generation we went to war, first, in the preparatory stages, because we were menaced and we had to do it to protect ourselves. And then no sooner had we got into it, the story is that that menace is all nonsense, but we are fighting for high ideals, to spread democracy to all peoples.

This time, we are hooked and seem to be badly hooked. The so-called Liberals and the Communists are agitating that we must pursue those "ideals." We must permit the "democratization" of China, of Manchuria, of Belgium, of Italy, of the whole continent of Europe, of Java, of Malaya, etc. It would be an awful melee if we did this, but the Communists, with their own brand of democracy in mind, are insisting that we do and they are joined by the "Liberals." They seem to have the better part of the argument because they say they only want the people of all these nations to choose the government they want. We, with our high-sounding bunk, say the same thing. We really ought to quit getting into so many wars and talking so big about them when we do. We are in an awful ideological mess now.

Reserve Board Raises Margin Requirements To 75% on Purchases of Listed Securities

In amendments to its Regulation T and Regulation U, the Board of Governors of the Federal Reserve System has raised margin requirements from 50% to 75%, effective July 5, for credit extended by brokers and banks to finance purchases of stock exchange securities. The Board states that "the increased margins also apply to short sales." Earlier this year,—effective Feb. 5—the Reserve Board raised margin requirements for purchasing registered securities from 40 to 50%. As was noted in our issue of March 5 (page 1033) that was the first change in margin requirements made by the Board since Nov. 1, 1937, when they were reduced from 55% to 40%. With regard to the latest action announced by the Reserve Board on July 3, Associated Press advices from Washington on that date said:

"The Federal Reserve Board took two major steps today to reduce loans in the stock market and thereby cut down on speculation:

"1. It raised the margin requirements from 50 to 75%, the highest ever. The change, effective July 5, will reduce the size of new loans to finance purchases or short sales of stock exchange securities. It means that when a person buys or sells stock short on credit he must put up a margin of 75% and can borrow only 25% from his banker or broker.

"2. The Board announced another change, effective on July 16, designed to squeeze some of the existing credit out of the market. If a person holds several securities in a single account, and sells some of them, he must use the proceeds to bring the margin on the remaining securities up to 75%.

"This rule applies to loans under both Regulation T and Regulation U. Except to this extent, neither regulation requires that existing accounts or loans be brought up to 75%.

"The Federal Reserve Board often has said that raising margin requirements would not eliminate speculation because it would not affect cash sales and cash is 'the important factor' in the rising market.

"A spokesman repeated this tonight, but said it is hoped that the new regulations will have 'some effect' as a quieting influence."

In its announcement July 3, the Board said:

"The amendments include, in addition, technical changes in the regulations, effective July 16, 1945, to simplify and strengthen the supporting rules. A new provision in Regulation T requires that the proceeds of sales of securities in accounts that are undermargined under the new requirements shall be used to the extent necessary to increase the margin on the remaining securities in the account until they are on a 75% basis. The same rule is applied to loans by a new provision of Regulation U. Except to this extent, neither regulation requires that existing accounts or loans be brought up to the 75% level. Neither Regulation T nor Regulation U is applicable to loans for purposes other than purchasing, carrying or trading in securities."

The text of the amendments as made public by the Board, follows:

Amendment No. 4 to Regulation T

"Regulation T is hereby amended in the following respects, the changes in the supplement to the regulation and the new section 4(g) to become effective July 5, 1945, and the other changes to become effective July 16, 1945.

"1. Section 3(b) is amended so that the second paragraph will read as follows:

"If a creditor effects for or with any customer any transactions consisting of purchases of securities in a general account, other than purchases of exempted securities or purchases to reduce or close out short positions, the creditor must obtain a deposit as specified in the previous paragraph at least as large as would be required by that paragraph if such purchases were the only transactions in the account on that day (except that such deposit need be no larger than that which would be sufficient to eliminate any excess of the adjusted debit balance over the maximum loan value of the securities in the account). No withdrawal of cash or registered or exempted securities shall be permissible if the account, after such withdrawal, would have an adjusted debit balance exceeding the maximum loan value of the securities in the account, except that exempted securities may be withdrawn upon the deposit in the account of exempted securities having maximum loan value equal to or in excess of the maximum loan value of the exempted securities withdrawn or upon the deposit of cash equal to or in excess of such maximum loan value.

"2. Section 3(d) is amended so that the last paragraph will read as follows:

"In case the general account is the account of a partner of the creditor or the account of a joint adventure in which the creditor participates, the adjusted debit balance shall be computed according to the foregoing rule and the supplementary rules prescribed in sections 6(a) and 6(b).

"3. Section 4(b) is amended to read as follows:

"(b) **Special Omnibus Account**—In a special omnibus account, a member of a national securities exchange may effect and finance transactions for a broker or dealer from whom the member accepts in good faith a signed statement to the effect that he is subject to the provisions of this regulation (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto) and from whom the member receives (1) written notice, pursuant to a rule of the Securities and Exchange Commission concerning the hypothecation of customers' securities by brokers or dealers (Rule X-8C-1 or Rule X-15C2-1), to the effect that all securities carried in the account will be carried for the account of the customers of the broker or dealer and (2) written notice that any short sales effected in the account will be short sales made in behalf of the customers of the broker or dealer other than his partners.

"4. Section 4(c) is amended by striking out both provisos in paragraph (5) and by adding the following new paragraph (8):

"(8) Unless funds sufficient for the purpose are already in the account, no security other than an exempted security shall be purchased for, or sold to, any customer in a special cash account with the creditor if any security other than an exempted security has been purchased by such customer in such an account during the preceding 90 days, and then, for any reason whatever, without having been previously paid for in full by the customer, the security has been sold in the account or delivered out to any broker or dealer: **Provided**, that an appropriate committee of a national securities exchange or a national securities association, on application of the creditor, may authorize the creditor to disregard for the purposes of this section 4(c) (8) any given instance of the type therein described if the committee is satisfied that both creditor and customer are acting in good faith and that circumstances warrant such authorization.

"5. Section 4(c) (6) is amended by inserting the words 'or a national securities association' following the words 'a national securities exchange.'

"6. Section 4 is amended by adding the following new subsection (g):

"(g) **Specialist's account.**—In a special account designated as a specialist's account, a creditor may effect and finance, for any member of a national securities exchange who is registered and acts as a specialist in securities on the exchange, such member's transactions as a specialist in such securities, or effect and finance, for any joint adventure in which the creditor participates, any transactions in any securities of an issue with respect to which all participants, or all participants other than the creditor, are registered and act on a national securities exchange as specialists; and such specialists account shall be subject to all the conditions to which it would be subject if it were a general account except that—

"(1) At any time when the Board in the supplement to this regulation shall have prescribed for specialists' accounts a special maximum loan value or special margin for short sales, the maximum loan value of a registered security (other than an exempted security) having loan value in such specialist's account shall be such special maximum loan value, and the amount to be included in the adjusted debit balance of such account as the margin required for short sales shall be such special margin for short sales.

"(2) A specialist's account shall not be subject to the restrictions specified in the second paragraph of section 3(b) but a transaction consisting of a withdrawal of cash or registered or exempted securities from the account shall be permissible only on condition that the transactions (including such withdrawal) on the day of such withdrawal would not create an excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account or increase any such excess.

"7. Section 6(c) is amended to read as follows:

"(c) No guarantee of a customer's account shall be given any effect for purposes of this regulation.

"8. The supplement is amended to read as follows:

"Maximum Loan Value for General Accounts — The maximum loan value of a registered security (other than an exempted security) in a general account, subject to section 3 of Regulation T, shall be 25% of its current market value.

"Maximum Loan Value for Specialists' Accounts—The maximum loan value of a registered security (other than an exempted security) in a specialist's account, subject to section 4(g) of Regulation T, shall be 50% of its current market value.

"Margin Required for Short Sales in General Accounts—The amount to be included in the adjusted debit balance of a general account, pursuant to section 3(d)(3) of Regulation T, as margin required for short sales of securities (other than exempted securities) shall be 75% of the current market value of each such security.

"Margin Required for Short Sales in Specialists' Accounts—The amount to be included in the adjusted debit balance of a specialist's account, subject to section 4(g) of Regulation T, as margin required for short sales of securities (other than exempted securities) shall be 50% of the current market value of each such security.

Amendment No. 5 to Regulation U

"Regulation U is hereby amended in the following respects, the changes in the supplement to the regulation and the new section 3(o) to become effective July 5, 1945, and the other changes to become effective July 16, 1945.

"1. Section 1 is amended so that the third paragraph will read as follows:

"While a bank maintains any such loan, whenever made, the bank shall not at any time permit any withdrawal or substitution of collateral if, after such withdrawal or substitution, the loan exceeds the maximum loan value of the collateral, unless:

"(1) In the case of a withdrawal, the loan is reduced by an amount equal to the current market value of the collateral withdrawn; or

"(2) In the case of a substitution, the loan is reduced by an amount equal to any excess of the current market value of the collateral withdrawn over the maximum loan value of the collateral deposited.

"If the maximum loan value of the collateral has become less than the amount of the loan, such amount may nevertheless be increased if there is provided additional collateral having maximum loan value at least equal to the amount of the increase.

"2. Section 2(b) is amended so that it will read as follows:

"(b) Any loan made prior to July 16, 1945, to any person whose total indebtedness to the bank at the date of and including such loan does not exceed $1,000.

"3. Section 2 is amended by deleting subsection (e) and substituting in lieu thereof the following new subsection (e):

"(e) Any loan to a broker or dealer secured by any securities which, according to written notice received by the bank from the broker or dealer pursuant to a rule of the Securities and Exchange Commission concerning the hypothecation of customers' securities (Rule XC-1 or Rule X15C2-1), are **securities carried for the account of one or more customers,** provided the bank accepts in good faith from the broker or dealer a signed statement to the effect that he is subject to the provisions of Regulation T (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto).

"4. Section 3 is amended by deleting subsection (o) and substituting in lieu thereof the following new subsection (o):

"(o) A loan to a member of a national securities exchange who is registered and acts as a specialist in securities on the exchange for the purpose of financing such member's transactions as a specialist in such securities shall not be subject to the provisions of the third paragraph of section 1, but the bank shall not at any time permit withdrawals or substitutions of collateral for such a loan that would create or increase a deficiency in the maximum loan value of the collateral below the amount of the loan, nor shall the bank increase the amount of a loan if the collateral is deficient unless additional collateral is provided having maximum loan value at least equal to the amount of the increase.

"5. The supplement to Regulation U is amended so that it will read as follows:

"For the purpose of section 1 of Regulation U, the maximum loan value of any stock, whether or not registered on a national securities exchange, shall be 25% of its current market value, as determined by any reasonable method.

"Loans to Specialists—Notwithstanding the foregoing, a stock, if registered on a national securities exchange, shall have a maximum loan value of 50% of its current market value, as determined by any reasonable method, in the case of a loan to a member of a national securities exchange who is registered and acts as a specialist in securities on the exchange for the purpose of financing such member's transactions as a specialist in securities."

Cotton Report as Of July 1, 1945

The Crop Reporting Board estimates the acreage of cotton in cultivation in the United States on July 1 at 18,355,000 acres, which is two million acres or 9.8% less than last year, and 30% less than the 10-year (1934-43) average. The acreage planted in 1945 is only 40% of the record of 45,968,000 acres planted in 1925. Assuming 10-year average abandonment, a total of 18,034,000 acres is indicated for harvest in 1945. This would be the smallest acreage of cotton harvested in the United States since 1885.

All States except the Western irrigated States show smaller acreages than last year. Almost one-half of the total acreage reduction is in Texas, largely as a result of extreme drought in the northwestern part of the State. Substantial decreases are also indicated for the Mississippi River delta areas of Missouri, Arkansas and Louisiana, where excessive and continued rainfall during the spring interfered with planting operations. North Carolina, Georgia and Florida also show sharp reductions. Smaller reductions are indicated in the acreage planted in Mississippi, Alabama, and South Carolina.

The total acreage planted to American-Egyptian cotton is estimated at 6,400 acres, compared with 14,700 acres planted last year and 75,300 acres, the 10-year average. This reduction represents a continuation of the downward trend in acreage of American-Egyptian, which reached a peak of 193,000 acres in 1942.

The sharp reduction in cotton acreage as compared with last year, although attributed mostly to unfavorable planting weather, also reflects difficulties in securing adequate labor for the relatively large amount of hand work required for cultivation and harvesting of the crop. Considerable difficulty was experienced in harvesting the 1944 crop.

Time for Filing Claims Against Alien Property Custodian Extended to Dec. 1

Francis J. McNamara, Deputy Alien Property Custodian, announced on July 7 that he had extended the deadline for filing claims against the Alien Property Custodian to December 1, 1945. The action taken was in the form of an amendment to APC General Order No. 21, he said. Mr. McNamara explained that vesting orders generally provide for a one-year period within which notices of claims may be filed by any person except a resident of an enemy country. However, he said, the deadline for filing had been extended several times previously.

The Deputy Custodian pointed out that there is now pending before Congress legislation that may clarify the Alien Property Custodian's powers with respect to such claims, and that the action extending the filing date was taken so that no undue hardship or inequity would be caused prospective claimants. As of June 30, 1945, Mr. McNamara said, the Office of Alien Property Custodian had received 4,423 notices of claims.

Notices of claims, Mr. McNamara said, must be submitted on Form APC-1 if they relate to general types of property and on Forms APC-16 and 17 if they involve vested patents. Claim forms may be obtained from either the Washington or New York offices of the Alien Property Custodian.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
July 17	122.90	116.22	121.04	119.61	116.22	108.34	113.12	115.82	119.61
16	122.94	116.22	121.04	119.61	116.22	108.34	113.12	115.63	119.61
14	Stock Exchange Closed								
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
12	122.87	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
11	122.87	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
10	122.89	116.02	121.04	119.41	116.22	108.34	113.12	115.63	119.61
9	122.92	116.02	121.04	119.41	116.02	108.34	113.12	115.63	119.41
7	Stock Exchange Closed								
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
5	122.92	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
4	Stock Exchange Closed								
3	122.93	115.82	121.04	119.20	116.02	108.16	113.12	115.43	119.41
2	122.97	115.82	121.04	119.20	116.02	108.16	113.12	115.43	119.41
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	108.34	113.31	115.82	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago July 17, 1944	120.18	112.56	118.60	117.01	112.37	102.96	106.39	114.08	117.40
2 Years Ago July 17, 1943	120.43	111.25	119.20	116.80	111.44	99.20	103.13	114.27	117.20

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
July 17	1.60	2.84	2.60	2.67	2.84	3.26	3.00	2.86	2.67
16	1.59	2.84	2.60	2.67	2.84	3.26	3.00	2.87	2.67
14	Stock Exchange Closed								
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
12	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
11	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
10	1.60	2.85	2.60	2.68	2.84	3.26	3.00	2.87	2.67
9	1.60	2.85	2.60	2.68	2.85	3.26	3.00	2.87	2.68
7	Stock Exchange Closed								
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
5	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
4	Stock Exchange Closed								
3	1.60	2.85	2.60	2.69	2.85	3.27	3.00	2.88	2.68
2	1.59	2.85	2.60	2.69	2.85	3.27	3.00	2.88	2.68
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.84	2.60	2.67	2.84	3.26	2.99	2.86	2.67
1 Year Ago July 17, 1944	1.79	3.03	2.72	2.80	3.04	3.57	3.37	2.95	2.78
2 Years Ago July 17, 1943	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.94	2.79

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Latest Summary of Copper Statistics

The Copper Institute on June 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE
(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Refined	Deliveries to Customers †Domestic	Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
Year 1944	1,056,180	1,098,788	1,636,295	----	66,780	—42,608	+ 14,659
5 Mos., 1945	366,428	374,826	837,291	----	63,841	— 8,398	— 2,939
Jan., 1944	95,400	92,781	101,779	----	45,800	+ 2,619	— 6,321
Feb., 1944	95,712	87,128	124,800	----	36,489	+ 8,584	— 9,311
Mar. 1944	101,247	99,118	156,083	----	37,259	+ 2,129	+ 770
Apr., 1944	92,530	95,280	156,233	----	38,382	— 2,750	+ 1,123
May, 1944	94,534	98,580	165,887	----	37,074	— 4,046	— 1,308
June, 1944	89,070	93,958	141,139	----	42,467	— 4,888	+ 5,393
July 1944	86,224	93,650	121,898	----	48,050	— 1,426	+ 5,583
Aug., 1944	82,769	91,047	139,515	----	50,991	— 8,278	+ 2,941
Sept., 1944	82,776	88,384	118,054	----	51,412	— 5,608	+ 421
Oct., 1944	82,653	89,068	126,590	----	49,358	— 6,415	— 2,054
Nov., 1944	76,466	87,145	127,517	----	58,051	—10,679	+ 8,692
Dec., 1944	76,799	82,649	156,800	----	66,780	— 5,850	+ 8,729
Jan., 1945	73,754	67,726	145,904	----	59,715	+ 6,028	— 7,065
Feb., 1945	67,496	69,950	172,585	----	57,142	— 2,454	— 2,573
Mar., 1945	76,537	76,395	218,488	----	51,861	+ 142	— 5,281
Apr., 1945	74,392	75,436	161,111	----	55,453	— 1,044	+ 3,592
May, 1945	74,249	85,319	139,203	----	63,841	—11,070	+ 8,388

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

Note—Statistics for the month of April, 1945 have been revised.

Market Value of Bonds on New York Stock Exch.

The New York Stock Exchange announced on June 11 that as of the close of business May 31, there were 1,031 bond issues, aggregating $111,506,456,268 par value with a total market value of $114,857,381,979. The comparable figures for April 30 were 1,040 bond issues, aggregating $111,818,948,262 par value; total market value $115,280,044,243.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	May 31, 1945 Market Value $	Average Price $	April 30, 1945 Market Value $	Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	98,193,501,422	104.14	98,335,011,120	104.29
U. S. companies:				
Amusement	7,575,000	101.00	7,593,750	101.25
Automobile	5,930,500	102.25	5,930,500	102.25
Building	2,879,385	104.25	6,097,440	103.63
Business and office equipment	14,791,680	107.00	14,722,560	106.50
Chemical	42,228,875	104.01	42,303,250	104.20
Electrical equipment	20,625,000	103.13	20,600,000	103.00
Financial	42,357,589	103.28	42,326,439	103.21
Food	234,505,838	105.45	234,456,963	105.43
Land and realty	13,135,125	79.90	13,119,150	79.80
Machinery and metals	14,954,711	102.02	24,132,797	102.28
Mining (excluding iron)	75,917,380	96.48	75,561,619	95.93
Paper and publishing	31,979,841	104.35	32,129,043	104.84
Petroleum	630,785,430	104.07	629,342,462	104.28
Railroad	8,351,526,568	95.50	8,556,478,171	95.21
Retail merchandising	7,204,320	101.21	7,236,995	99.92
Rubber	44,436,563	104.25	67,550,470	103.85
Shipping services	21,600,820	101.74	21,477,591	101.16
Steel, iron and coke	317,067,835	105.44	327,165,389	105.13
Textiles	35,317,670	103.00	35,317,670	103.00
Tobacco	255,973,409	104.79	257,293,791	105.21
Utilities:				
Gas and electric (operating)	2,900,087,119	107.24	2,927,478,877	107.69
Gas and electric (holding)	60,372,950	108.14	60,291,086	107.82
Communications	1,080,665,139	111.35	1,099,633,325	112.14
Miscellaneous utilities	110,658,608	80.88	108,891,718	79.59
U. S. companies oper. abroad	160,405,286	93.34	160,849,721	93.38
Miscellaneous businesses	24,035,000	104.50	24,265,000	105.50
Total U. S. companies	14,507,017,641	99.65	14,802,245,777	99.56
Foreign government	1,477,778,167	76.02	1,463,549,658	75.20
Foreign companies	679,084,749	95.48	679,237,688	95.36
All listed bonds	114,857,381,979	103.01	115,280,044,243	103.10

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1943—	Market Value $	Average Price $	1944—	Market Value $	Average Price $
May 29	81,048,543,830	99.47	June 30	96,235,324,054	100.53
June 30	80,704,321,646	99.64	July 31	102,284,657,208	100.71
July 31	80,352,221,151	99.35	Aug. 31	102,328,885,992	100.74
Aug. 31	80,109,269,964	99.23	Sep. 30	102,017,012,414	100.61
Sept. 30	80,149,558,292	99.37	Oct. 31	101,801,493,498	100.71
Oct. 30	90,501,768,934	99.45	Nov. 30	101,377,604,946	100.92
Nov. 30	90,076,888,558	99.02	Dec. 31	112,620,708,662	101.35
Dec. 31	90,274,071,634	99.38			
1944—			1945—		
Jan. 31	90,544,387,232	99.78	Jan. 31	114,019,500,804	101.91
Feb. 29	96,837,573,171	100.21	Feb. 28	114,881,605,628	102.58
Mar. 31	95,713,288,544	100.32	Mar. 31	114,831,886,516	102.53
Apr. 29	95,305,318,075	100.31	Apr. 30	115,280,044,243	103.10
May 31	93,849,254,814	100.62	May 31	114,857,381,979	103.01

Cottonseed Receipts to May 31

On June 12 the Bureau of the Census issued the following statement showing cottonseed received, crushed and on hand, and cottonseed products manufactured, shipped out, on hand and exported for the month ended May 31, 1945 and 1944.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills *Aug. 1-May 31 1944-45	1943-44	Crushed Aug. 1-May 31 1944-45	1943-44	On hand at mills May 31 1944-45	1943-44
United States	4,287,726	3,915,306	4,001,520	3,826,293	397,062	177,789
Alabama	271,502	261,097	257,791	251,373	20,848	11,909
Arizona	53,840	59,652	53,908	58,500	59	1,155
Arkansas	466,697	372,240	389,053	354,282	87,444	27,541
California	118,655	124,435	116,926	129,726	1,923	1,605
Georgia	361,138	357,922	354,316	336,806	26,674	23,354
Louisiana	173,486	205,634	174,104	204,697	1,357	1,480
Mississippi	703,219	708,850	644,617	670,892	74,168	49,498
North Carolina	285,007	224,027	257,383	215,967	34,861	9,125
Oklahoma	217,765	110,517	217,826	109,841	2,001	2,468
South Carolina	229,298	196,478	230,130	192,379	4,840	6,692
Tennessee	344,918	279,622	313,088	267,386	41,607	15,502
Texas	935,776	909,975	879,658	927,410	87,014	27,234
All other states	126,425	104,857	112,720	107,034	14,266	226

*Includes 7,400 tons and 1,560 tons destroyed during 1944-45 and 1943-44, respectively, but does not include 118,256 and 90,336 tons on hand Aug. 1, 1944 and 1943, nor 73,033 and 48,817 tons reshipped during the seasons 1944-45 and 1943-44.

COTTONSEED PRODUCTS PRODUCED, SHIPPED OUT, AND ON HAND

Products—	Season	On hand at beginning of Season Aug. 1	Produced Aug. 1-May 31	Shipped out Aug. 1-May 31	On hand May 31
Crude oil	1944-45	*29,759	1,241,671	1,229,781	†95,305
(thousand pounds)	1943-44	23,283	1,195,471	1,185,195	65,143
Refined oil	1944-45	‡239,934	§1,089,120	------	¶310,944
(thousand pounds)	1943-44	207,409	1,085,104	------	333,188
Cake and meal	1944-45	28,050	1,837,396	1,766,457	98,989
(tons)	1943-44	18,542	1,775,116	1,744,164	49,494
Hulls	1944-45	14,793	927,423	868,171	74,045
(tons)	1943-44	11,964	894,911	880,606	26,269
Linters	1944-45	61,920	**1,171,355	1,177,751	††55,524
(running bales)	1943-44	135,927	1,142,217	1,107,324	170,820
Hull fiber	1944-45	476	19,966	20,041	401
(500-lb. bales)	1943-44	556	21,456	21,465	547
Grabbots, motes, &c.	1944-45	10,025	46,376	48,015	8,386
(500-lb. bales)	1943-44	14,106	46,699	44,023	16,782

*Includes 8,636,000 pounds at oil mills, 18,480,000 pounds at refining and manufacturing establishments, and 2,643,000 pounds in transit.

†Includes 20,526,000 pounds at oil mills, 66,608,000 pounds at refining and manufacturing establishments, and 8,171,000 pounds in transit.

‡Includes 235,924,000 pounds at refining and manufacturing establishments, 1,937,000 pounds held elsewhere, and 2,073,000 pounds in transit.

§Produced from 1,177,980,000 pounds of crude oil.

¶Includes 306,357,000 pounds at refining and manufacturing establishments, and 4,587,000 pounds held elsewhere and in transit.

**Includes 224,072 bales first cut, 883,344 bales second cut, and 63,939 bales mill run.

††Includes 16,790 bales first cut, 35,969 bales second cut, and 2,765 bales mill run.

Imports and Exports of Cottonseed Products

In the interest of national security, the Department of Commerce has discontinued, until further notice, the publication of current statistics concerning imports and exports of cottonseed products.

Disparages Rumors of Jap Peace Feelers

Recent rumors of peace feelers from the Japanese have been classified by Acting Secretary of State Joseph C. Grew as an attempt to stir up dissension in the United States and among the Allied nations, the Associated Press reported from Washington, July 10. The objective, said Mr. Grew, is peace short of unconditional surrender in spite of the fact that they surely realize that defeat is inevitable. From the Associated Press we quote:

Mr. Grew related several instances of what he called these "alleged peace feelers" and then wound up a statement on the subject by declaring: "The policy of this Government has been, is, and will continue to be, unconditional surrender . . . that is the best comment I can make upon peace feelers and rumors of peace feelers of whatever origin."

The United States, the Acting Secretary emphatically asserted, has "received no peace offer from the Japanese Government, either through official or unofficial channels."

"Conversations relating to peace," he continued, "have been reported to the Department from various parts of the world, but in no case has an approach been made to this Government, directly or indirectly, by a person who could establish his authority to speak for the Japanese Government, and in no case has an offer of surrender been made

"In no case has this Government been presented with a statement purporting to define the basis upon which the Japanese Government would be prepared to conclude peace."

"What the Japanese always seek with their peace feelers," Mr. Grew said, "is to find out the American position and to use the whole idea of an end to the war as a means of stirring up argument over peace terms in order to create dissension."

Result of Treasury Bill Offering

The Secretary of the Treasury announced on July 16 that the tenders of $1,300,000,000 or thereabout of 91-day Treasury bills to be dated July 19 and to mature Oct. 18, 1945, which were offered on July 13, were opened at the Federal Reserve Bank on July 16.

The details of this issue are as follows:

Total applied for, $2,044,672,000.

Total accepted, $1,305,479,000 (includes $68,084,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(59% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 12 in the amount of $1,318,179,000.

Moody's Daily Commodity Index

Tuesday, July 10, 1945	256.7
Wednesday, July 11	256.6
Thursday, July 12	256.7
Friday, July 13	256.5
Saturday, July 14	256.3
Monday, July 16	255.8
Tuesday, July 17	254.6
Two weeks ago, July 3	256.5
Month ago, June 16	257.5
Year ago, July 17	248.2
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0

Daily Average Crude Oil Production for Week Ended July 7, 1945, Decreased 17,114 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 7, 1945, was 4,886,200 barrels, a decrease of 17,114 barrels below the record high reached in the preceding week. It, however, exceeded the corresponding week of last year by 307,200 barrels per day and was 6,300 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of July, 1945. Daily production for the four weeks ended July 7, 1945, averaged 4,893,973 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 5,006,000 barrels of crude oil daily and produced 15,082,000 barrels of gasoline; 1,589,000 barrels of kerosine; 4,875,000 barrels of distillate fuel, and 9,238,000 barrels of residual fuel oil during the week ended July 7, 1945; and had in storage at the end of that week 47,047,000 barrels of civilian grade gasoline; 39,282,000 barrels of military and other gasoline; 9,739,000 barrels of kerosine; 33,677,000 barrels of distillate fuel, and 40,754,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	•P. A. W. Recommendations July	•State Allowables Begin. July 1	Actual Production Week Ended July 7 1945	Change from Previous Week	4 Weeks Ended July 7 1945	Week Ended July 8 1944
Oklahoma	380,000	380,000	†388,750	+ 350	386,950	337,900
Kansas	274,000	269,400	†242,300	—30,950	266,800	266,250
Nebraska	1,000	----	†900	----	900	900
Panhandle Texas			87,500	— 2,500	89,400	89,150
North Texas			152,300	— 2,350	154,050	151,550
West Texas			521,400	+23,850	503,500	463,100
East Central Texas			139,000	— 900	139,700	148,350
East Texas			379,500	+ 1,900	378,050	363,550
Southwest Texas			360,750	+ 3,050	358,450	319,750
Coastal Texas			568,950	+ 5,900	564,550	531,400
Total Texas	2,170,000	‡2,174,285	2,209,400	+28,950	2,187,700	2,066,850
North Louisiana			69,750	+ 550	69,300	71,300
Coastal Louisiana			296,900	— 2,050	298,450	285,400
Total Louisiana	360,000	400.800	366,650	— 1,500	367,750	356,700
Arkansas	80,000	78,786	80,000	— 100	79,600	80,400
Mississippi	53,000		52,000	+ 800	51,450	44,150
Alabama	500		750	+ 50	700	150
Florida	----		250	+ -236	73	50
Illinois	200,000		209,250	— 5,250	207,100	208,450
Indiana	13,000		11,050	— 1,650	12,100	13,950
Eastern— (Not incl. Ill., Ind., Ky.)	64,200		60,300	— 5,850	64,250	62,150
Kentucky	28,000		30,000	— 700	30,250	21,850
Michigan	47,000		49,100	+ 200	48,500	51,400
Wyoming	118.200		110,300	+ 1,850	103,250	80,650
Montana	22,000		20,800	+ 550	20,400	22,100
Colorado	12.000		10,900	— 150	11,200	8,300
New Mexico	105,000	105,000	103,300	— 450	103,650	108,000
Total East of Calif	3,927,900		3,946,000	—13,614	3,948,623	3,730,200
California	952,000	§952,000	940,200	— 3,500	945,350	848,800
Total United States	4,879,900		4,886,200	—17,114	4,893,973	4,579,000

•P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. June 28, 1945.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE. GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 7, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	Civilian Grade
East Coast	99.5	704	89.0	1,555	7,771	6,060	5,332	7,581
Appalachian—								
District No. 1	76.8	104	71.2	318	371	272	1,797	1,307
District No. 2	81.2	52	104.0	148	124	92	169	1,134
Ind., Ill., Ky.	87.2	793	92.5	2,768	4,804	2,393	6,425	13,410
Okla., Kan., Mo.	78.3	398	84.9	1,385	1,990	1,313	2,054	7,184
Inland Texas	59.8	234	70.9	946	404	931	1,245	1,719
Texas Gulf Coast	89.3	1,239	100.2	3,883	5,595	5,937	9,071	5,782
Louisiana Gulf Coast	96.8	282	108.5	880	1,718	1,010	1,865	1,934
No. La. & Arkansas	55.9	86	68.3	225	1,153	182	82	1,772
Rocky Mountain—								
District No. 3	17.1	12	92.3	40	21	35	----	80
District No. 4	72.1	130	81.8	374	342	611	658	1,678
California	87.3	972	97.5	2,560	9,384	21,918	10,584	3,466
Total U. S. B. of M. basis July 7, 1945	85.8	5,006	92.1	15,082	33,677	40,754	*39,282	47,047
Total U. S. B. of M. basis June 30, 1945	85.8	4,999	92.0	15,546	32,213	40,488	39,283	47,189
U. S. B. of M basis July 8, 1944		4.653		13,523	35,993	54,185	35,870	46,353

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 12,040,000 barrels unfinished gasoline this week, compared with 11.960,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,589,000 barrels of kerosine, 4,875,000 barrels of gas oil and distilate fuel oil and 9,238,000 barrels of residual fuel oil produced during the week ended July 7, 1945, which compares with 1,567,000 barrels, 4,910,000 barrels and 9,077,000 barrels respectively, in the preceding week and 1.400.000 barrels, 4,590,000 barrels and 8,822,000 barrels, respectively, in the week ended July 8, 1944.

Note—Stocks of kerosine at July 7, 1945, amounted to 9,739,000 barrels, as against 9,676,000 barrels a week earlier and 10,134,000 barrels a year before.

Electric Output for Week Ended July 14, 1945 1.9% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 14, 1945, was approximately 4,295,254,000 kwh., which compares with 4,377,152,000 kwh. in the corresponding week a year ago and 3,978,426,000 kwh. in the week ended July 7, 1945. The output of the week ended July 14, 1945, was 1.9% lower than that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 14	July 7	June 30	June 23
New England	*2.6	*0.5	1.1	*1.3
Middle Atlantic	*1.4	2.9	2.3	2.8
Central Industrial	*2.8	*1.2	*0.5	*0.2
West Central	2.6	5.2	1.2	1.5
Southern States	2.4	6.8	3.8	3.2
Rocky Mountain	*1.9	0.5	1.3	0.9
Pacific Coast	*6.8	*5.1	*2.9	*1.7
Total United States	*1.9	1.0	0.6	0.8

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696.543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,428
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,075
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21		4,380,930		4,196,357	1,440,386	1,732,031
July 28		4,390,762		4,226,705	1,426.986	1,724,728

Steel Output Again Rises—Sheet and Strip Situation Tight—Reconversion Orders Drop

"The War Production Board this week was still continuing its efforts to ease the tight steel sheet situation, but so far the relief has been negligible," states "The Iron Age" in its issue of today (July 19), which further reports in part as follows: "It is believed, however, that by the fourth quarter, deliveries on non-rated sheet orders will be much easier than at present.

"Some trade sources say that even if a large volume of cancellations should result from WPB's move they probably would not reach mill books until some time next week. Cancellations covering all types of steel orders in June surpassed by a wide margin the experience in any other month this year. Despite this volume of cancellations, deliveries are still quite extended.

"Validated or rated order volume regained somewhat the sharp losses reported last week and averaged about the same tonnage as in recent weeks. Non-rated requests, however, were still at low ebb.

"The reduction in orders for reconversion production is largely due to the heavy backlogs of unrated tonnage already being carried by most mills, with enough of this business on the books to carry the mills for six months after the end of the Controlled Materials Plan. Customers as well as steel producers feel that the future beyond that point is too uncertain to attempt to negotiate additional business.

"Order books for bar and semifinished steel items are fairly well filled through the remainder of this year and into the first quarter of 1946. Tinplate schedules for November have been almost completely filled by canmakers' orders and December is about the earliest delivery date for tinplate.

"Cancellations in cold drawn bar tonnages have expanded recently due to realignments in schedules for small shells. The OPA may this week adjust base prices on cold finished bar and shafting. It is understood that the base price will be lowered but that extras will be rearranged so that the net change in the price of these items will not be much if any.

"A substantial reduction has been made in carryovers for steel bar items by most mills although in one area the undelivered tonnage is still large. Heavy deliveries slated for the last quarter of this year may be expected to wipe out the remainder of the carryovers.

"The supply of merchant wire items is still inadequate to meet the heavy demand. Small size nails and bail ties are said to be extremely short. Steel posts and wire products generally were experiencing a heavy demand this past week.

"Steel firms report that cancellations of war contracts are having little effect on the manpower situation. One of the most difficult problems in the steel industry is the inability to obtain common labor. The increasing numbers of men appearing at employing offices, as they are laid off at the other plants, are not ready to take a reduction in wages but are seeking a job matching their previous one in pay.

"The lack of skilled manpower for the production of cold rolled sheets is a major factor in keeping down the output of that item. One steel producer has said that if adequate manpower were available, cold rolled sheet production could be increased as much as 50% with existing facilities.

"Progress is being made in the completion of pre-termination agreements between steel producers and military buying agencies. According to indications at Pittsburgh steel producers have, temporarily at least, won their fight to have claims for steel in process on government contracts based on a commercial price set-up rather than on the basis of an arbitrary formula."

The American Iron and Steel Institute on July 16 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 89.8% of capacity for the week beginning July 16, compared with 89.0% one week ago, 88.8% one month ago and 96.8% one year ago. The operating rate for the week ended July 16, is equivalent to 1,644,800 tons of steel ingots and castings, compared to 1.630,200 tons one week ago, 1,626,500 tons one month ago, and 1,741,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 16 stated in part as follows:

"Serious situation in the sheet and strip industry, having a bearing on reconversion, is increasingly recognized by the War Production Board.

"Ten days ago sheet and stripmakers' order books for third quarter were frozen but late last week this order was partially rescinded, books being reopened for July and August for all consumers and through entire third quarter for the smaller buyers.

"The original order covered hot-rolled sheets and strip, hot-rolled pickled, cold-rolled, galvanized and silicon sheets for entire third quarter.

"Reason for the change was that the freeze came too late to be of material effect on mill schedules and also because the prior order cutting inventories from 60 to 45 days is expected to result in cancelations that will ease the tight supply materially.

"Indications are that manufacturers producing less than $50,000 worth of goods will receive supplies for civilian goods fairly promptly, being given preferred treatment under Regulation 27, under the provision that Z-3 orders, applying in such cases, may be shipped before all unrated orders, after CMP orders have been filled.

"Meanwhile sheet mills are booked up for the remainder of the year and such cancelations as they have received have affected remote deliveries almost exclusively, little relief being seen on nearby deliveries. Practically al sheet orders on rolling schedules are rated, with a few having priorities assistance to meet essentia demand for special purposes. Unrated orders are being held i abeyance until it is possible t schedule them without interfering with rated business.

"In pig iron the supply is prac tically even with demand, with tightness developing in spots though no distress has been me so far. Foundries are makin some progress in increasing cast ings output as labor shortage i slightly relieved, and are seekin additional iron for inventory t meet expected further increase Steelworks furnaces require a the iron they can produce an have little available for merchan buyers. A number of blast fur naces are down for repairs, whic further shortens production.

"Scrap supply is tight, as acut as at any time during the war i some areas. Greatest shortage ap pears in industrial material. re duced by war cutbacks. Mo steelmakers are in the market f material and all signs of weakne have disappeared, springboard being paid in most instances. Per mission has been given som open-hearth melters to buy elec tric furnace scrap for their fur naces."

Railroad Credit Corporatio Makes Payment of ½ of 1%

E. G. Buckland, President the Railroad Credit Corporatio recently announced that t corporation will make a liqu dating distribution on July 31 ½ of 1% of its fund as of Ju 30, amounting to $362,134.

Of this amount $336,869 will paid in cash and $25,264 will credited on the carriers' indebte ness to the corporation.

This will bring the total amou distributed to $67,909,581, 92½% of the original fund co tributed by carriers participati in the Marshalling and Distrib ting Plan 1931. Of this total, $3 280,274 will have been return in cash and $28,629,306 in credi

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended July 7, 1945 as estimated by the Bureau of Mines, was 8,060,000 net tons, a decrease of 3,860,000, or 32.4%, below the preceding week. This decrease was due in part to the observance of the holiday on July 4. Output in the corresponding week last year amounted to 8,674,000 net tons. The total production of soft coal from Jan. 1 to July 7, 1945 is estimated at 305,585,000 net tons, a decrease of 6.9% when compared with the 328,321,000 tons produced during the period from Jan. 1 to July 8, 1944.

Production of Pennsylvania anthracite for the week ended July 7, 1945, as estimated by the Bureau of Mines, was 933,000 tons, a decrease of 395,000 tons (29.7%) from the preceding week. When compared with the output in the corresponding week of 1944 there was an increase of 72,000 tons, or 8.4%. The calendar year to date shows a decrease of 18.3% when compared with the corresponding week of 1944.

The Bureau also reports that the estimated production of beehive coke in the United States for the week ended July 7, 1945 showed a decrease of 20,800 tons when compared with the output for the week ended June 30, 1945; and was 18,400 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	July 7, 1945	*June 30, 1945	July 8, 1944	†July 7, 1945	July 8, 1944
Total, including mine fuel	8,060,000	11,920,000	8,674,000	305,585,000	328,321,000
Daily average	‡1,612,000	1,987,000	1,735,000	1,918,000	2,039,000

*Revised. †Subject to current adjustment. ‡Average based on five working days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡July 7, 1945	§June 30, 1945	July 8, 1944	July 7, 1945	July 8, 1944	July 10, 1937
*Total incl. coll. fuel	933,000	1,328,000	861,000	27,610,000	33,814,000	29,513,000
†Commercial produc.	896,000	1,275,000	827,000	26,507,000	32,461,000	28,037,000
Beehive coke—						
United States total	108,600	129,400	127,000	3,135,000	4,003,600	1,924,400

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	June 30, 1945	June 23, 1945	July 1, 1944
Alabama	372,000	395,000	340,000
Alaska	6,000	6,000	5,000
Arkansas and Oklahoma	95,000	88,000	87,000
Colorado	120,000	114,000	127,000
Georgia and North Carolina	1,000	*	*
Illinois	1,352,000	1,445,000	1,441,000
Indiana	550,000	508,000	537,000
Iowa	45,000	41,000	45,000
Kansas and Missouri	125,000	99,000	149,000
Kentucky—Eastern	947,000	936,000	959,000
Kentucky—Western	407,000	392,000	376,000
Maryland	40,000	40,000	42,000
Michigan	3,000	3,000	4,000
Montana (bitum. & lignite)	103,000	99,000	83,000
New Mexico	30,000	30,000	42,000
North & South Dakota (lignite)	43,000	43,000	34,000
Ohio	770,000	734,000	738,000
Pennsylvania (bituminous)	2,958,000	2,880,000	2,920,000
Tennessee	123,000	117,000	131,000
Texas (bituminous & lignite)	1,000	1,000	1,000
Utah	121,000	133,000	137,000
Virginia	355,000	352,000	373,000
Washington	25,000	25,000	31,000
†West Virginia—Southern	1,984,000	1,955,000	2,063,000
‡West Virginia—Northern	1,155,000	1,151,000	1,060,000
Wyoming	188,000	183,000	161,000
§Other Western States	1,000	*	*
Total bituminous & lignite	11,920,000	11,770,000	11,886,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Declined 0.1% In Week Ended July 7

The Bureau of Labor Statistics' index of commodity prices in primary markets declined 0.1% during the week ended July 7, as the result of lower quotations for agricultural products. According to the U. S. Department of Labor July 12 "the index, at 105.8% of the 1926 level, was 0.2% below a month ago but 1.8% above the first part of July, 1944." The Department's advices added:

"**Farm Products and Foods**—Average prices for farm products dropped 0.5% during the week as the result of lower quotations for livestock, grains and fruits and vegetables. Calves dropped more than 2%, steers 1% and sheep nearly 3% as increased shipments, particularly of lower grades, reached the markets. Live poultry prices were lower. Seasonal movements raised prices for eggs and oranges and lowered quotations for apples and onions. Potatoes from the 1944 crop were higher while new potatoes were generally lower. Fresh milk at Chicago declined fractionally and lemons dropped sharply. Cotton prices continued to decline on improved crop reports. Grains were generally lower, with quotations for wheat, corn and barley declining fractionally while rye advanced. Since the first part of June average prices for farm products have declined 1.0%, but were still 4.3% above the corresponding week of last year.

"Average primary market prices for foods were 0.1% lower during the week as the result of lower quotations for fresh fruits and vegetables and fresh milk. Wheat flour declined fractionally. Average food prices were 0.1% below a month ago and 1.1% above early July of 1944.

"**Other Commodities** — Continued upward adjustments in prices for anthracite, permitted by OPA to compensate for higher costs, were offset by lower sales realizations for electricity to leave the group index for fuel and lighting materials unchanged during the week. Lower mill realizations for Ponderosa and Idaho pine lumber and substantially lower prices for turpentine reflecting increased supplies lowered average prices for building materials by 0.1%. Butyl acetate advanced as the result of higher production costs and realizations on Western pine lumber increased. Mercury prices continued to decline in a slow market and acetone was substantially lower with an improved supply situation."

The Labor Department included the following notation in the report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for June 9, 1945 and July 8, 1944, and (2) the percentage changes in subgroup indexes from June 30, 1945 to July 7, 1945.

WHOLESALE PRICES FOR WEEK ENDED JULY 7, 1945

(1926=100)

						Percentage change to July 7, 1945 from—		
Commodity Groups—	7-7 1945	6-30 1945	6-23 1945	6-9 1945	7-8 1944	6-30 1945	6-9 1945	7-8 1944
All commodities	105.8	105.9	105.9	106.0	103.9	—0.1	—0.2	+1.8
Farm products	129.4	130.1	130.0	130.7	124.1	—0.5	—1.0	+4.3
Foods	107.2	107.3	107.3	107.3	106.0	—0.1	—0.1	+1.1
Hides and leather products	118.5	118.5	118.3	118.3	116.8	0	+0.2	+1.5
Textile products	99.1	99.1	99.1	99.1	97.3	0	0	+1.8
Fuel and lighting materials	84.8	84.8	84.7	84.5	83.8	0	+0.4	+1.2
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0
Building materials	117.3	117.4	117.3	117.3	115.8	—0.1	0	+1.3
Chemicals and allied products	95.4	95.4	95.3	95.3	95.6	0	+0.1	—0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	118.3	118.7	118.6	118.8	113.8	—0.3	—0.4	+4.0
Semimanufactured articles	95.2	95.3	95.3	95.3	93.7	—0.1	—0.1	+1.6
Manufactured products	102.0	102.0	102.0	102.0	101.1	0	0	+0.9
All commodities other than farm products	100.6	100.6	100.6	100.6	99.5	0	0	+1.5
All commodities other than farm products and foods	99.8	99.8	99.8	99.7	98.7	0	+0.1	+1.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JUNE 30, 1945 TO JULY 7, 1945

Increases			
Anthracite	0.6	Other foods	0.1
Decreases			
Fruits and vegetables	0.7	Paint and paint materials	0.3
Livestock and poultry	0.7	Cereal Products	0.1
Grains	0.5	Dairy Products	0.1
Other farm products	0.4	Lumber	0.1

National Fertilizer Association Commodity Price Index Registers Slight Decline

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on July 16 declined fractionally to 141.2 for the week ended July 14, 1945, from 141.5 for the preceding week. A month earlier the index stood at 141.7 and a year ago at 138.0, all based on the 1935-39 average as 100. The report continued as follows:

The farm products group was fractionally lower, although the cotton subgroup made a substantial advance. The grains index decreased, due to lower quotations on wheat and rye which more than offset the increased quotation on barley. The livestock index also decreased, the lower quotations on good and choice cattle being only partly offset by increased qutations on sheep and eggs. Quotations on timothy hay was slightly lower. The foods index declined with lower quotations on flour, potatoes, and dressed fowl. The textiles index showed a small advance. All other groups of the index remained unchanged.

During the week 5 price series in the index advanced and 8 declined, in the preceding week there were 3 advances and 6 declines, in the second preceding week there were 6 advances and 6 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 14, 1945	Preceding Week July 7, 1945	Month Ago June 16, 1945	Year Ago July 15, 1944
25.3	Food	142.4	143.1	144.0	140.8
	Fats and Oils	145.2	145.2	145.2	145.1
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	167.1	167.2	168.1	159.8
	Cotton	216.4	213.9	216.2	208.0
	Grains	163.7	165.0	166.0	160.2
	Livestock	160.6	160.8	161.5	151.6
17.3	Fuels	133.3	133.3	132.0	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	157.3	157.0	157.3	153.3
7.1	Metals	108.9	108.9	108.9	104.4
6.1	Building Materials	153.8	153.8	155.4	153.4
1.3	Chemicals and Drugs	125.9	125.9	125.9	126.9
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.5
100.0	All groups combined	141.2	141.5	141.7	138.0

*Indexes on 1926-1928 base were: July 14, 1945, 110.0; July 7, 1945, 110.2, and July 15, 1944, 107.5.

High Memberships of CIO and AFL Have Resulted in Unprecedented Reserves

"The CIO and AFL are staking their future in part on the turn of a coin," A. C. Croft, President of the National Foremen's Institute, reported to the Institute's Advisory Board on July 13. The CIO, he stated, is building up morale and "security" by spending its money on education and propaganda; the AFL by soaking its funds into war bonds to assure itself financial strength in the potentially union-hostile post-war era.

"Unprecedently high memberships in both organizations have brought unprecedented revenues," Mr. Croft said. 'For the most part the AFL has followed its traditional policy of banking its reserves. CIO unions, on the other hand, have invested the larger part of their assets in new organizing drives, in legislative and educational campaigns. Consequently, a postwar depression period will supposedly find AFL unions in a far stronger position than the CIO to survive intact. AFL unions frequently pay unemployment benefits; very few CIO unions do."

As examples of AFL unions with large treasuries, Mr. Croft cited the International Brotherhood of Teamsters, $15,000.000; the Hotel and Restaurant Employees, $16,000,000; International Ladies Garment Workers, $7,707,753; International Brotherhood of Electrical Workers, $7,606,000; the Bricklayers, Masons and Plasterers $8,239,821, and the relatively small International Typographical Union (150,000 members), $5,541,534.

It is added that 2 independent unions, the Brotherhood of Railroad Trainmen and the Brotherhood of Locomotive Engineers, have assets of $41,000,000 and $32,000,000, respectively. Another, the United Mine Workers, which John L. Lewis is expected to return to the AFL fold by October, has $12,000,000.

In contrast, it is pointed out the CIO's United Automobile Workers, the world's largest union (over 1 million members), has total assets of only $2,669,136 and its expenditures have been exceeding its income during the past three months. The other two top CIO organizations are the Amalgamated Clothing Workers with approximately $5,000,000 and the United Steelworkers with approximately $4,000,000.

Mr. Croft reported that the large discrepancies in assets and reserve funds between AFL and CIO unions did not especially perturb the latter's leadership. "They expect to retain their membership," he stated, "by throwing all available effort and money behind legislative and educational campaigns. The CIO theory is that even in a period of depression and unemployment, members will stick closely to their union if it is battling all-out for a full employment program, increased unemployment compensation, extended social security and medical care, etc."

This philosophy is so deeply rooted in the CIO, he asserted that no CIO union, alarmed as some of them are at the possibility of post-war unemployment, has decided to forego any important part of its usual activities in order to build up reserve funds. "Privately, however," Mr. Croft told the Advisory Board, "CIO leaders will concede that if mass unemployment occurs and if unemployment compensation is not increased, the CIO will suffer relatively more than the AFL."

Seeks End of British Exchange Restricting American Trade

Assistant Secretary of State Clayton on July 12 pledged the United States to seek a speedy post-war end to British exchange controls restricting American trade with nations in the sterling bloc.

In a letter replying to Representative Emanuel Celler's written appeal asking the State Department "to open trade channels with India," Mr. Clayton, the Associated Press reported, said:

"I agree that something must be done, and done soon, to open further our trade channels with India."

The press advices from Washington July 5 added:

"While the State Department regards Britain's sterling bloc controls 'as appropriate and necessary,' during wartime, Mr. Clayton said the United States wants them ended 'as soon as practicable.'

"Representative Celler called upon Britain to end her 'dog in the manger attitude which says if England can't supply goods to India no one else can.'

"In his letter Mr. Clayton stressed that the State Department believes 'exchange controls on current transactions, however necessary in wartime, are restrictive to free enterprise and that they tend to create international ill will.'"

Trading on New York Exchanges

The Securities and Exchange Commission made public on July 11 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 23, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 23 (in round-lot transactions) totaled 3,331,086 shares, which amount was 14.45% of the total transactions on the Exchange of 11,529,100 shares. This compares with member trading during the week ended June 16, of 2,966,255 shares, or 14.02% of the total trading of 10,578,000 shares. On the New York Curb Exchange, member trading during the week ended June 23 amounted to 834,095 shares or 12.90% of the total volume on that exchange of 3,233,350 shares. During the week ended June 16 trading for the account of Curb members of 901,405 shares was 14.93% of the total trading of 3,018,700.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 23, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	354,200	
‡Other sales	11,174,900	
Total sales	11,529,100	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	865,460	
Short sales	187,110	
‡Other sales	729,380	
Total sales	916,490	7.73
2. Other transactions initiated on the floor—		
Total purchases	386,650	
Short sales	49,020	
‡Other sales	315,710	
Total sales	364,730	3.26
3. Other transactions initiated off the floor—		
Total purchases	331,358	
Short sales	32,300	
‡Other sales	434,098	
Total sales	466,398	3.46
4. Total—		
Total purchases	1,583,468	
Short sales	268,430	
‡Other sales	1,479,188	
Total sales	1,747,618	14.45

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 23, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	28,395	
‡Other sales	3,204,955	
Total sales	3,233,350	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	218,635	
Short sales	14,190	
‡Other sales	221,470	
Total sales	235,660	7.03
2. Other transactions initiated on the floor—		
Total purchases	106,165	
Short sales	5,500	
‡Other sales	89,090	
Total sales	94,590	3.10
3. Other transactions initiated off the floor—		
Total purchases	71,760	
Short sales	3,000	
‡Other sales	104,285	
Total sales	107,285	2.77
4. Total—		
Total purchases	396,560	
Short sales	22,690	
‡Other sales	414,845	
Total sales	437,535	12.90
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	92,042	
Total purchases	92,042	
Total sales	77,519	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction $49,009,000 for Week

Civil engineering construction volume in continental United States totals $49,009,000 for the week. This volume, not including construction by military engineers abroad, American contracts outside the country, and shipbuilding, exceeds the $30,820,000 reported to "Engineering News-Record for the holiday-shortened preceding week, is 16% higher than the previous four-week moving average, but is 22% under the 1944 record high reported for the week last year. The report made public on July 12 went on to say:

Private construction for the week tops a year ago by 14%, but public work is 27% lower due to the 34% drop in federal volume. State and municipal construction is up 5% compared with the 1944 week.

The current week's construction brings 1945 volume to $955,984,000 for the 28 weeks, a total within 2% of the $973,262,000 reported for the corresponding period last year. Private construction, $279,800,000, is 32% higher than a year ago, but public work, $676,184,000, is 11% lower as a result of the 17% drop in federal. State and municipal construction, $147,743,000 is 22% above the 1944 period.

Civil engineering construction volumes for the current week, the short preceding week, and the 1944 week are:

	July 12, 1945* (five days)	July 5, 1945 (four days)	July 13, 1944 (five days)
Total U. S. Construction	$49,009,000	$30,820,000	$62,510,000
Private Construction	10,250,000	12,695,000	9,013,000
Public Construction	38,759,000	18,125,000	53,497,000
State and Municipal	9,390,000	6,359,000	8,966,000
Federal	29,369,000	11,766,000	44,531,000

*Current Week's Statistics.

In the classified construction groups, gains over the short preceding week are in sewerage, industrial and public buildings, earthwork and drainage, streets and roads, and unclassified construction. Gains over the 1944 week are in bridges, industrial and public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $996,000; sewerage, $624,000; bridges, $292,000; industrial buildings, $6,397,000; commercial building and private mass housing, $2,665,000; public buildings, $15,490,000; earthwork and drainage, $847,000; streets and roads, $8,345,000; and unclassified construction, $13,353,000.

New capital for construction purposes for the week totals $909,821,000. It is made up of $3,768,000 in state and municipal bond sales, $10,738,000 in corporate security issues, $2,000,000 in RFC loans for private industrial expansion, $754,315,000 in federal appropriations for military and departmental construction, $60,000,000 in REA loans for rural electrification, and $79,000,000 in federal-aid highways construction. The current week's new financing brings 1945 volume to $1,471,513,000, a total of 230% above that reported for the period last year.

Post-War Construction Planning Volume $21.6 Billions

Identified and recorded engineering projects proposed for construction in the post-war years total $21,555,974,000 according to reports to "Engineering News-Record" in the period from January 1, 1943 through July 5, 1945. Plans are under way or completed on post-war projects valued at $9,432,093,000, 43.8% of the total volume proposed, and on $1,463,540,000 worth of projects all financing arrangements have been completed.

Non-Ferrous Metals — Lead Demand Increased —June Copper and Zinc Deliveries Sharply Off

"E. & M. J. Metal and Mineral Markets," in its issue of July 12, stated: "Statistics for June disclosed that deliveries of copper and zinc fell sharply. Copper delivered to consumers dropped to 94,031 tons, and zinc shipments declined to 54,478 tons. Cutbacks in the war program caused fabricators to reduce their inventories. Actual consumption of both metals in June was well above the tonnages delivered, authorities believe. July is expected to show little or no improvement over June. Lead demand last week was good and would have been greater except for limitation orders on consumption. Quicksilver declined $1 per flask." The publication further went on to say in part:

Copper

Deliveries of refined copper to domestic consumers dropped from 139,203 tons in May to 94,031 tons in June. The decline in the movement of copper was even larger in volume than generally estimated. Deliveries for June were the smallest since July 1940. The figures for May and June, compiled by Copper Institute, are summarized as follows, in tons:

	June	May
Production:		
Crude	72,159	*74,469
Refined	74,377	85,319
Deliveries	94,031	139,203
Stocks at end	70,738	63,841

*Revised.

Lead

Call for lead for August shipment was fairly active during the last week, sales involving 10,000 tons, against 5,715 tons in the previous week. Producers believe that consumption of primary lead for the summer months has become stabilized under restrictions now in force at around 60,000 tons a month. Available new supplies are sufficient to take care of this demand and leave a fair tonnage to enlarge the stockpile. The trade estimates that the stockpile will amount to 85,000 tons by the end of July, or fully 20,000 tons larger than that reported earlier in the year when WPB became alarmed over the statistical position of the metal.

Zinc

Shipments of zinc declined in June to 54,478 tons, which compares with 66,972 tons (revised) in May and the top for the war period of 94,494 tons recorded for March of the current year, according to the American Zinc Institute. The lower rate of shipments was expected, and reflects cutbacks in the war program. In view of the fact that deliveries earlier in the year were in excess of requirements, the sharp drop in the movement of zinc since March was greater than the fall that occurred in actual use of the metal, the industry believes.

Production of slab zinc in June was 66,607 tons, which compares with 69,440 tons in the preceding month. Manpower shortages caused the drop in output. The peak in producion was 86,037 tons in March 1944.

Stocks increased for the third consecutive month, rising to 183,136 tons at the end of June. The low for this year was 168,539 tons as April ended.

With consumers reducing their inventories to fit into the rapidly changing demand-supply situation, the industry believes the decline in shipments during June was greater than that which occurred through cutbacks in the war program. Until civilian business in zinc products improves substantially, consumers not engaged in war work are inclined to move slowly in placing new business. Stocks of zinc are likely to increase over the summer period.

Cadmium

The supply situation in cadmium is still viewed as tight and distribution is limited to rated orders.

Molybdenum

Production of molybdenum concentrates in the United States in May contained 3,198,600 lb. of Mo., against 2,979,900 lb. in April. Shipments to domestic consumers and for export amounted to 3,418,700 lb. in May, against 3,181,800 lb. in April. Stocks in the hands of producers and consumers (excluding Government stocks) at the end of May totaled 17,780,613 lb., against 18.455.221 lb. a month previous and 19,365,590 lb. at the end of 1944, according to the Bureau of Mines.

Tin

Purchases of tin concentrates from Bolivian sources are continuing on the same basis as earlier in the year even though the formal agreement expired on June 30, 1945. Work on extending the pricing arrangement was postponed for a time because Bolivian officials and others concerned with the deal had to attend the San Francisco Conference. Some producers hope for a higher settlement basis, to offset rising costs.

Efforts to salvage tin in the United States are being intensified, largely because of increased demands for the metal that are certain to develop in the transition period.

The price situation here remains fixed on the basis of 52 cents per pound for "Grade A" or Straits quality tin. Forward metal was nominally as follows:

	Aug.	Sept.	Oct.
July 5	52.000	52.000	52.000
July 6	52.000	52.000	52.000
July 7	52.000	52.000	52.000
July 9	52.000	52.000	52.000
July 10	52.000	52.000	52.000
July 11	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125 cents per pound.

Quicksilver

Dealers experienced a quiet week in quicksilver and continued unsettlement in prices. Spot metal was available on the basis of $144 per flask on quantity business, a reduction of $1 from the price named in the preceding week. Quicksilver for shipment over the next month or two was wholly nominal, but trade authorities believe that metal could have been purchased at around $140 to $142 per flask, New York.

San Francisco advices state that production in California is falling, owing to labor shortages at the mines and recent pressure on the price structure.

Spanish agents are not naming flat shipment prices under prevailing conditions.

Actual consumption of quicksilver in the United States this summer is said to be the highest on record, but inability to estimate future needs tends to make buyers cautions.

Silver

The London silver market was quiet last week and the price continued at 25½d. The New York Official for foreign silver was unchanged at 44¾c., with domestic metal at 70⅝c.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 11 a summary for the week ended June 30 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended June 30, 1945

	Total For Wee
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	34,380
Number of shares	1,071,464
Dollar value	40,471,537
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	20
*Customers' other sales	35,78
Customers' total sales	35,99
Number of Shares:	
Customers' short sales	8,30
*Customers' other sales	1,025,08
Customers' total sales	1,033,38
Dollar value	37,826,29
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	7
†Other sales	260,49
Total sales	260,56
Round-Lot Purchases by Dealers:	
Number of shares	270,62

*Sales marked "short exempt" are re ported with "other sales."

†Sales to offset customers' odd-lot order and sales to liquidate a long position whic is less than a round lot are reported wit "other sales"

Revenue Freight Car Loadings During Week Ended July 7, 1945, Decreased 167,337 Cars

Loading of revenue freight for the week ended July 7, 1945, totaled 726,404 cars, the Association of American Railroads announced on July 12. This was a decrease below the corresponding week of 1944 of 17,943 cars, or 2.4%, and a decrease below the same week in 1943 of 82,226 cars or 10.2%.

Loading of revenue freight for the week of July 7 decreased 167,337, or 18.7% below the preceding week, due to July 4th holiday.

Miscellaneous freight loading totaled 334,595 cars, a decrease of 62,704 cars below the preceding week, and a decrease of 4,159 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 93,442 cars, a decrease of 14,665 cars below the preceding week but an increase of 2,334 cars above the corresponding week in 1944.

Coal loading amounted to 117,951 cars, a decrease of 56,556 cars below the preceding week, and a decrease of 6,011 cars below the corresponding week in 1944.

Grain and grain products loading totaled 54,932 cars, a decrease of 7,451 cars below the preceding week and a decrease of 2,188 cars below the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of July 7 totaled 40,843 cars, a decrease of 5,130 cars below the preceding week and a decrease of 91 cars below the corresponding week in 1944.

Livestock loading amounted to 10,895 cars, a decrease of 2,413 cars below the preceding week and a decrease of 427 cars below the corresponding week in 1944. In the Western Districts alone loading of livestock for the week of July 7 totaled 7,498 cars, a decrease of 2,230 cars below the preceding week, but an increase of 292 cars above the corresponding week in 1944.

Forest products loading totaled 31,591 cars, a decrease of 15,644 cars below the preceding week and a decrease of 1,662 cars below the corresponding week in 1944.

Ore loading amounted to 69,743 cars, a decrease of 6,491 cars below the preceding week and a decrease of 5,403 cars below the corresponding week in 1944.

Coke loading amounted to 13,255 cars, a decrease of 1,413 cars below the preceding week, and a decrease of 427 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Eastern and Southern. All districts reported decreases compared with 1943.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
Week of July 7	726,404	744,347	808,630
Total	21,988,349	22,029,548	21,140,007

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 7, 1945. During the period 64 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED JULY 7

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	216	229	190	1,269	1,191
Bangor & Aroostook	1,274	801	915	421	465
Boston & Maine	5,625	5,225	5,096	12,544	13,287
Chicago, Indianapolis & Louisville	973	1,125	1,321	1,999	2,025
Central Indiana	36	22	23	29	31
Central Vermont	843	870	908	1,945	2,213
Delaware & Hudson	3,972	3,917	6,596	10,804	11,689
Delaware, Lackawanna & Western	6,478	6,300	7,285	9,980	10,708
Detroit & Mackinac	248	190	217	144	144
Detroit, Toledo & Ironton	1,417	1,716	1,920	1,160	1,022
Detroit & Toledo Shore Line	323	269	284	2,156	1,889
Erie	10,665	10,992	11,681	16,028	16,335
Grand Trunk Western	3,299	2,888	3,301	7,346	7,231
Lehigh & Hudson River	131	161	150	2,536	2,242
Lehigh & New England	1,691	1,726	1,893	1,436	1,534
Lehigh Valley	6,570	7,236	8,063	10,129	14,037
Maine Central	2,357	1,768	1,840	2,798	2,400
Monongahela	4,897	4,707	5,439	363	361
Montour	2,052	1,842	2,222	26	21
New York Central Lines	42,226	41,943	52,349	45,151	47,023
N. Y., N. H. & Hartford	7,683	6,389	8,193	16,375	17,027
New York, Ontario & Western	1,006	1,254	1,305	3,187	3,742
New York, Chicago & St. Louis	6,028	5,985	6,135	14,214	15,495
N. Y., Susquehanna & Western	314	311	467	2,107	1,917
Pittsburgh & Lake Erie	6,056	6,414	6,640	8,628	7,516
Pere Marquette	4,092	4,233	4,176	7,293	7,070
Pittsburgh & Shawmut	680	720	987	18	21
Pittsburg, Shawmut & North	224	295	377	196	222
Pittsburgh & West Virginia	842	1,076	1,055	2,652	2,493
Rutland	289	264	311	1,151	1,220
Wabash	5,021	5,586	4,547	10,961	12,154
Wheeling & Lake Erie	4,758	5,095	5,672	3,881	4,332
Total	132,286	131,549	151,558	198,927	209,057
Allegheny District—					
Akron, Canton & Youngstown	475	703	720	916	1,296
Baltimore & Ohio	38,074	39,293	39,483	25,940	27,708
Bessemer & Lake Erie	5,820	6,264	6,355	1,814	2,164
Buffalo Creek & Gauley	†	†	214	†	†
Cambria & Indiana	916	1,117	1,623	9	4
Central R. R. of New Jersey	5,143	5,661	6,389	17,138	18,974
Cornwall	386	403	686	40	41
Cumberland & Pennsylvania	118	156	244	5	10
Ligonier Valley	100	92	117	33	27
Long Island	1,629	1,332	973	4,531	4,257
Penn-Reading Seashore Lines	1,544	1,555	1,575	2,169	2,930
Pennsylvania System	72,724	77,564	80,392	54,866	60,402
Reading Co.	12,775	11,531	13,012	25,158	26,181
Union (Pittsburgh)	17,149	18,524	19,230	7,277	7,324
Western Maryland	3,002	3,265	3,967	12,013	11,205
Total	159,855	167,460	175,040	151,909	162,523
Pocahontas District—					
Chesapeake & Ohio	19,101	21,025	29,242	11,839	11,292
Norfolk & Western	14,255	15,573	22,098	6,220	7,099
Virginian	2,596	3,010	4,864	2,066	2,127
Total	35,952	39,608	56,204	20,125	20,518
Southern District—					
Alabama, Tennessee & Northern	395	306	289	285	392
Atl. & W. P.—W. R. R. of Ala.	704	717	559	2,167	2,426
Atlanta, Birmingham & Coast	1,366	876	735	1,233	1,213
Atlantic Coast Line	9,253	9,245	11,247	8,467	9,102
Central of Georgia	3,454	3,324	3,512	4,149	5,029
Charleston & Western Carolina	713	619	389	1,593	1,377
Clinchfield	1,328	1,123	1,558	2,387	2,424
Columbus & Greenville	214	182	314	242	309
Durham & Southern	71	101	75	381	472
Florida East Coast	796	733	1,219	1,052	1,295
Gainesville Midland	43	41	38	128	94
Georgia	1,063	1,080	1,001	2,419	2,447
Georgia & Florida	390	409	421	631	588
Gulf, Mobile & Ohio	4,049	3,790	3,379	4,338	4,041
Illinois Central System	23,220	23,959	24,304	15,608	14,854
Louisville & Nashville	19,627	20,433	24,442	11,901	11,676
Macon, Dublin & Savannah	280	135	165	815	810
Mississippi Central	*428	231	257	*499	627
Nashville, Chattanooga & St. L.	3,076	2,809	2,839	4,487	4,542
Norfolk Southern	1,091	1,436	2,557	1,416	1,767
Piedmont Northern	314	312	253	1,277	1,058
Richmond, Fred. & Potomac	419	327	360	9,556	9,382
Seaboard Air Line	8,838	8,011	9,095	7,416	7,849
Southern System	21,755	19,944	19,466	22,405	22,704
Tennessee Central	510	559	568	703	1,011
Winston-Salem Southbound	115	109	101	980	857
Total	103,512	100,811	109,143	106,535	108,346
Northwestern District—					
Chicago & North Western	16,041	15,737	18,588	14,409	12,517
Chicago Great Western	2,293	1,910	2,133	3,399	3,217
Chicago, Milw., St. P. & Pac.	17,086	15,925	16,034	10,093	9,199
Chicago, St. Paul, Minn. & Omaha	3,279	2,565	3,197	3,722	3,531
Duluth, Missabe & Iron Range	24,730	27,094	31,291	364	261
Duluth, South Shore & Atlantic	643	521	1,010	550	559
Elgin, Joilet & Eastern	7,804	8,320	8,166	8,980	9,477
Ft. Dodge, Des Moines & South	387	359	376	92	91
Great Northern	18,385	20,777	24,921	8,560	6,272
Green Bay & Western	299	326	346	897	990
Lake Superior & Ishpeming	2,026	2,607	2,892	66	66
Minneapolis & St. Louis	1,779	1,721	1,421	2,648	2,414
Minn., St. Paul & S. S. M.	5,981	5,504	7,038	3,237	2,973
Northern Pacific	9,035	7,901	9,070	6,207	5,240
Spokane International	144	135	114	483	568
Spokane, Portland & Seattle	1,243	1,013	1,696	4,220	3,211
Total	110,155	112,415	128,293	67,927	60,586
Central Western District—					
Atch., Top. & Santa Fe System	27,286	28,512	23,485	14,293	12,270
Alton	3,093	3,085	3,289	3,832	4,183
Bingham & Garfield	149	226	369	86	70
Chicago, Burlington & Quincy	15,793	16,234	17,730	13,074	11,650
Chicago & Illinois Midland	2,258	2,172	2,736	901	903
Chicago, Rock Island & Pacific	13,047	13,130	12,314	14,783	12,464
Chicago & Eastern Illinois	2,482	2,186	2,382	4,891	6,545
Colorado & Southern	580	461	623	2,921	2,018
Denver & Rio Grande Western	2,648	2,907	2,731	7,285	5,553
Denver & Salt Lake	376	551	672	116	30
Fort Worth & Denver City	966	1,487	1,000	2,016	1,518
Illinois Terminal	1,686	2,230	1,581	2,282	1,576
Missouri-Illinois	1,141	1,162	1,042	614	557
Nevada Northern	249	20	2,076	42	79
North Western Pacific	414	590	746	691	655
Peoria & Pekin Union	30	9	5	0	0
Southern Pacific (Pacific)	28,367	29,005	28,726	14,659	11,990
Toledo, Peoria & Western	299	272	208	2,233	2,272
Union Pacific System	13,944	15,256	14,541	21,092	16,054
Utah	439	289	509	3	0
Western Pacific	1,980	1,898	1,944	4,832	4,005
Total	117,227	121,682	118,709	110,646	94,392
Southwestern District—					
Burlington-Rock Island	292	637	402	896	283
Gulf Coast Lines	4,690	5,438	4,830	2,491	2,423
International-Great Northern	2,480	2,520	2,351	3,772	3,488
Kansas, Oklahoma & Gulf	338	228	258	1,054	1,007
Kansas City Southern	3,964	5,688	5,409	2,937	2,502
Louisiana & Arkansas	3,396	3,565	3,553	2,720	2,763
Litchfield & Madison	200	224	369	1,321	1,045
Midland Valley	750	646	696	413	314
Missouri & Arkansas	174	112	155	360	508
Missouri-Kansas-Texas Lines	6,614	6,629	5,285	4,383	5,141
Missouri Pacific	17,099	17,458	17,436	19,370	19,142
Quanah Acme & Pacific	84	93	71	351	334
St. Louis-San Francisco	9,413	9,004	7,865	8,043	8,332
St. Louis-Southwestern	3,299	2,948	2,577	6,532	6,830
Texas & New Orleans	9,357	10,938	13,512	6,102	5,519
Texas & Pacific	5,099	4,624	4,813	8,200	8,314
Wichita Falls & Southern	134	50	77	59	22
Weatherford M. W. & N. W.	34	20	24	29	22
Total	67,417	70,822	69,683	69,033	67,989

*Previous week's figure. †Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95
June 23	115,768	157,932	491,287	96	95
June 30	166,083	156,447	499,505	96	95
July 7	180,155	99,960	575,918	62	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Would Provide $25 A Week Jobless Pay

Legislation which its sponsor emphasized was offered "by request" of the Administration was presented to the House, July 9, by Representative Robert L. Doughton (D.-N. Car.), chairman of the House Ways and Means Committee, in the form of a bill calling for increases in unemployment compensation to a maximum of $25 a week, Associated Press advices from Washington stated. These advices said:

"The legislation would blanket under the unemployment compensation program around 3,000,000 Federal workers and 160,000 maritime workers and open the way for other groups not now covered to participate in the jobless benefits.

"Immediate indications were that the legislation will travel a rocky road, with its ultimate fate in doubt.

"Representative Harold Knutson (R., Minn.), senior Ways and Means Republican, quickly predicted its defeat, pointing out that the committee flatly rejected a similar proposal last fall 'and the complexion of the committee hasn't changed.'"

Specifically, the Associated Press reported, the legislation provides:

"1. Maximum unemployment payments to be raised from present averages of $15 to $18 weekly (varying by states) to $25 weekly.

"2. The number of weeks of compensation to be increased to 26 in any year. In approximately one-third of the states no worker now can receive more than 18 weeks of benefits in any one year.

"3. Grant to Federal and maritime employees the same rights to unemployment benefits as now are available to other workers.

"In addition, agreements with states under the legislation could provide for coverage of other groups of workers, not now included in the program, and for higher weekly benefits to all covered workers up to two-thirds of the individual's provious weekly earnings, not to exceed $25 a week.

"The Federal Government would pay the bill for the Federal and maritime workers, and would reimburse the states for the cost of the increased payments under the legislation. The increased benefits would be paid by state unemployment compensation agencies, and no change would be required in the laws of the states, which handle the compensation programs.

"Mr. Truman, in a special message to Congress May 28, said the major remaining gap in the reconversion program is 'the lack of adequate benefits for workers temporarily unemployed during the transition from war to peace.'"

Lumber Movement—Week Ended July 7, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 454 mills reporting to the National Lumber Trade Barometer were 13.2% above production for the week July 7, 1945. In the same week new orders of these mills were 53.7% more than production. Unfilled order files of the reporting mills amounted to 114% of stocks. For reporting softwood mills, unfilled orders are equivalent to 43 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 5.6%; orders by 9.7%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 41.0% less; shipments were 35.6% less; and orders were 17.7% less.

Items About Banks, Trust Companies

(Continued from page 334)

Charles A. Dick, William J. Gompers, William A. Hannig, Ernest W. Krause, Fred J. McCoy, Raymond C. Norteman, H. L. Robinson, Karl G. Sailer, Charles Sonneborn, Sr., and W. J. Wingerter.

The June 30, 1945, statement of condition of the Fifth-Third National Bank of Cincinnati shows total resources of $264,813,998, compared with $253,154,688 on March 20, 1945. Total deposits June 30, 1945, are $249,075,547 against $237,812,138 on the March date. Cash and due from banks at the end of June are reported as $62,975,225 against $64,840,280 March 20, 1945. Holdings of U. S. bonds now at $121,8993,482, contrast with $120,089,187 in March. Loans and discounts June 30 were reported as $60,577,703 against $48,358,242 March 20. Capital stock and surplus continue at $6,000,000 each, respectively, while undivided profits June 30 amount to $1,685,632, compared with $1,312,581 on March 20.

Deposits of $2,610,658,198 are reported by the Continental Illinois National Bank & Trust Company of Chicago, Ill., in its statement of condition June 30, 1945, compared with $2,335,523,569 on March 20 this year. In the bank's June 30 statement total resources of $2,787,216,011 are shown, against $2,509,444,923 on March 20. U. S. Government obligations under date of June 30 appear as $1,754,412,224, contrasting with $1,601,473,004 on March 20. Cash and due from banks are now $513,247,226, compared with $496,601,517 in March; loans and discounts June 30 are reported as $456,015,920, against $332,350,296 March 20. Capital stock and surplus at $60,000,000 each remain unchanged, while undivided profits have risen from $19,577,898 on March 20 to $23,277,842 on June 30.

The Harris Trust & Savings Bank of Chicago in its June 30 statement of condition shows total deposits of $527,909,616 as compared with $506,829,544 on March 20 this year. Total resources have risen in the interval from $539,107,748 to $560,396,844. The June 30 statement shows holdings of U. S. Treasury bills and certificates of $86,888,636, compared with $116,428,079 on March 20, and holdings of U. S. Government bonds and notes of $153,462,321 June 30, against $119,670,961 March 20. Loans and discounts stand at $110,605,583 June 30, compared with $109,482,772 March 20. Capital and surplus, at $8,000,000 and $12,000,000, respectively, continue unchanged from the March figures while undivided profits have risen from $1,634,314 to $1,826,745 at the latest date.

F. K. Houston, President of Chemical Bank & Trust Company of New York, has announced the appointment of Charles E. Rance as Assistant Manager of the Foreign Department. Mr. Rance has engaged in export banking here and in virtually every Central and South American country since 1926 and joined the staff of the bank in 1943.

Guaranty Trust Company of New York has announced the appointment as Trust Officer of Jackson Stephens Hutto, former counsel and superintendent of the New York State Banking Department who has recently been associated with the New York law firm of Chadbourne, Wallace, Parke & Whiteside. Mr. Hutto was born in Morrillton, Ark., was graduated from Hendrix College, Conway, Ark., and later attended Harvard Law School, from which he received his LL.B. degree in 1930. He was engaged in law practice in New York with the firm of Hornblower, Miller & Garrison for several years prior to 1934, when he jointed the State Banking Department as assistant counsel. Two years later he was made counsel and deputy superintendent, and in October, 1942, was appointed Superintendent of Banks, in which capacity he continued until his resumption of law practice in 1943.

Frederick E. Hasler, President of The Continental Bank & Trust Co. of New York announced on July 17 that Paul A. Albus and John F. Hughes, Assistant Secretaries, have been promoted to Assistant Vice-Presidents of the bank. Mr. Albus will cover the southeastern territory and Mr. Hughes the New Jersey, Long Island and Westchester territory. Two other promotions were also announced. Raymond Robrecht, credit manager of the Seventh avenue office of the bank, was advanced to Assistant Treasurer and Raymond Young, credit manager at the Madison avenue office, was promoted to Assistant Secretary.

Adrian M. Massie and Charles J. Stewart, Vice-Presidents of the New York Trust Company, were elected trustees of the company on July 17, according to an announcement by John E. Bierwirth, President. Mr. Massie, a graduate of Yale University, 1919, is well known in banking and trust circles and has been associated with the Investment and Trust Divisions of the New York Trust Company. Before joining the company in 1934 as Vice-President, he had been associated with the Bank of America and the City Bank-Farmers Trust Company. Mr. Stewart has been a senior Vice-President in the Banking Division since 1934. After graduating at Yale University in 1918 and before joining the bank in 1930, he was identified with the real estate business in Dallas, Texas. Appointed Assistant Vice-President of the New York Trust Company in 1931, he was placed in charge of the company's branch at Madison Avenue and 40th Street and following his election to a Vice-Presidency he has been associated with commercial banking.

Manufacturers Trust Co., New York, announces the following promotions from Assistant Secretary to Assistant Vice-President: John J. Cunningham and George W. Mott of the bank's main office, and Addison B. Bingham, Roger D. Elton, Edward J. Grady, Sydney L. Hammer, William A. Knawa, Irving Tropp and Alfred R. Weil, all of whom are located in branch offices of the bank.

Manufacturers Trust Company, New York, has announced the following promotions to the office of Assistant Comptroller: Edward J. Gresser, Stephen F. Casko and Paul A. Remmell. Mr. Gresser started his banking career in 1906 with the Germania Bank which later changed its name to Commonwealth Bank and in 1927 was merged with Manufacturers Trust Company. For the past 16 years he has held an administrative position in the Comptroller's Department at the bank's main office in connection with bank operations. In 1935 Mr. Gresser assisted in the formulation of the Personal Loan Department of the bank. He is past President of the bank's Twenty-Five Year Club and has been active for a number of years in the New York City Bank Comptrollers and Auditors Conference and the Bank Management Conference of the New York Clearing House. Mr. Casko was graduated from the American Institute of Banking in 1938. He joined Manufacturers Trust Company in 1925. In 1942 Mr. Casko was granted a leave of absence from the bank to work in Washington with the OPA and the American Bankers Association in formulating the current Ration Banking Plan and putting it into effect in all banks throughout the country. At the present time, Mr. Casko is a Special Consultant to the OPA. He is a member of the board of directors of the Williston National Bank, East Williston, Long Island. Mr. Remmell has been associated with Manufacturers Trust Company since 1924 and during the last 10 years has held an administrative position in the Comptroller's Department. In his new capacity as Assistant Comptroller, Mr. Remmell will handle personnel administration.

Orlando H. Harriman, former Vice-President and Director of the closed Harriman National Bank, of New York, died on July 2 at the age of 74 years Mr. Harriman started his banking career in the 1890's when he joined the First National Bank of New York, and later joined the Harriman bank of which his brother was President. When that institution was closed in 1933. Mr. Harriman joined the insurance brokerage firm of W. F. Martin & Co. with which he was connected at the time of his death.

On July 3 Harvey D. Gibson, President of Manufacturers Trust Co., was host at a luncheon in honor of Joseph J. Slonim, Assistant Vice-President. The occasion marked Mr. Slonim's 40 years of continuous service with the bank and took place at the bank's main office, 55 Broad Street. Mr. Slonim entered the banking profession July 1, 1905, at the age of 15, when he joined the Mutual Alliance Trust Co. In 1915 the company was absorbed by Chatham Phenix National Bank, which in turn was merged with Manufacturers Trust Co. in 1932. In 1924 Mr. Slonim was made an Assistant Cashier, and three years later Assistant Vice-President. During his entire banking career he has remained at the same office at the corner of Bowery and Grand Street, and since 1933 he has been officer in charge of that office.

The merger of the Lincoln-Alliance Bank & Trust Company of Rochester, N. Y., and the Rochester Trust & Safe Deposit Co., approved by the stockholders of the two institutions on July 2, became effective on July 6. The State Banking Department announced on July 5 that approval had been given to a certificate of increase of capital stock of the Lincoln-Alliance Bank & Trust Co. from $5,760,000, consisting of 40,000 shares of convertible preferred stock of the par value of $50 each and 188,000 shares of common stock of the par value of $20 each, to $7,360,000, consisting of 40,000 shares of convertible preferred stock of the par value of $50 each and 268,000 shares of common stock of the par value of $20 each. The merger is effected under the title, "Lincoln Rochester Trust Company."

In the Rochester "Times-Union" of July 3 it was stated: "One share of Rochester Trust common will be exchanged for 1.4 shares of Lincoln-Rochester common and $2 in cash. Rochester Trust directorate has called the entire issue of its convertible preferred stock as of Sept. 30, and under terms of the merger, holders of this stock have the following options:

"They may hold it for redemption at $52.50 per share on or before Oct. 1; they may exchange it for Lincoln-Rochester common and receive .91 of a share of Lincoln-Rochester common plus $1.30 in cash for each share, or they may exchange it not later than Oct. 1 for Lincoln-Rochester common on a share for share basis. Owners of Lincoln-Alliance stock will continue to hold that stock unchanged."

At a meeting of the directors of the State Street Trust Company of Boston, held July 16, it was unanimously voted to take two important steps affecting the company's capital structure. One was the transfer, effective immediately, of $1,000,000 from undivided profits to the present surplus of $5,000,000. The other was to recommend to the stockholders the reduction of the present par value of its shares from $100 to $20, each old share to be exchanged for five new shares and the total capital stock to be increased from 40,000 shares to 200,000 shares. A meeting of the stockholders to pass upon the recommendations will be called for Sept. 10. The change in the par value of the shares is in line with current corporate practice. The transfer of undivided profits to surplus gives the company a capital of $4,000,000, a surplus of $6,000,000 and, on the basis of the July 1, 1945 figures, undivided profits of $1,216,907.46.

George W. Holt, Jr., Vice-President, Treasurer and director of the Lincoln Trust Company, of Providence, R. I., on July 3 was elected a Vice-President of the Providence National Bank of that city by the directors of the latter institution, according to the Providence "Journal" which in announcing this said:

"His position as Treasurer of the Lincoln Trust Company will be filled by Donald Kirkpatrick, formerly of the First National Bank of Boston.

"The post he assumes at the Providence National Bank is newly created, and while his assignment will be general, he will be primarily concerned with credits, business development and public relations.

"Mr. Holt's original banking affiliation was with the old Westminster Bank in Providence, subsequently taken over and liquidated by the R. I. Hospital Trust Company. He joined the Hospital Trust Company and aided in the liquidation, after which, he went to the Lincoln Trust Company as Treasurer.

"He was later made Vice-President and elected a director. He has been associated with the Lincoln Trust Company for 20 years.

"Mr. Holt is Treasurer of the Rhode Island Bankers' Association and a director of the Rhode Island Credit Men's Association."

Announcement was made July 16 by the Tradesmens National Bank and Trust Co. of Philadelphia that its board of directors has declared a quarterly dividend of 40 cents per share on the $20 par value stock, payable Aug. 1, 1945, to stockholders of record at close of business July 23, 1945. In addition, $570,000 has been transferred from undivided profits to surplus, bringing the surplus to $4,200,000.

The Equitable Trust Co. of Baltimore Md., recently announced the creation of a common trust fund. This fund is to be established under the act of the Maryland Legislature which became effective on June 1.

The purpose of the fund is to provide wider investment diversification for small trust funds than has been possible in the past and to give small trusts investment advantages now available only to much larger trusts.

This fund says the company is to be established by combining funds of many small trusts in this one fund, each will thus own an interest in a broad list of securities proportionate to its investment. Participation in a Common Trust Fund is limited by Federal Regulations to not more than $25,000 from any one trust.

Major enlargement of the quarters of the La Salle National Bank, at 135 South La Salle Street, Chicago, occasioned by fourfold development of businesss and long postponed due to war conditions, has been completed and opened for operations on July 9, according to President C. Ray Phillips. Pointing out the increased facilities have been needed for some time past, Mr. Phillips indicated the bank's deposits increased from some $7,000,000 when operations were begun in the Field Building in 1940 to more than $41,250,000 as of June 30, 1945. Over the same period, it was said, customers of the La Salle National Bank increased from 7,000 to 18,604. "While the total number of customers increased almost three-fold," Mr. Phillips stated, "our commercial customers increased five-fold and, for them to be provided our character of service, required much more space and personnel. Consequently, even though more than 10% of our customers deal with us entirely by mail, we are gratified to have been permitted the needed expansion."

The main banking quarters, now occupying nearly one-third of the entire ground floor of the Field Building, is distinctive from most banks in its almost home-like atmosphere. In place of the usual marble, La Salle National Bank has combined butternut wood panelling extensively with painted plaster of rough texture. Drapes, carpeting, acoustical ceiling and air-conditioning are also features of the equipment.

The officers and directors of the National Bank of Commerce of Lincoln, Neb., announce the death of its President, M. Weil.

The Mercantile-Commerce Bank and Trust Company, of St. Louis, has announced the appointment of Stanley Fletcher and Edward E. Marshall as Assistant Vice-Presidents; Victor F. Moeller, Assistant Trust Officer; George C. Eschbacer, Assistant Secretary, and John J. Lackey, Assistant Manager of the Insurance Department.

D. P. Harrison was recently elected a Vice-President of the Merchants Bank of Kansas City, Mo. Mr. Harrison has served as Finance Commissioner of Missouri in two Republican administrations and had also served as President of the Missouri Bank & Trust Co. of Kansas City. The Kansas City "Star" of July 2, in reporting this, also said, in part:

"The Merchants Bank today not only added another executive to its staff, but the board of directors voted to increase the capital stock from $200,000 to $250,000 and to make a similar increase in surplus, both out of undivided profits."

The Board of Governors of the Federal Reserve system announced the absorbtion on June 16 of the Kootenai Valley State Bank of Troy, Montana by the First State Bank of Libby, Montana.

The Los Angeles "Times" announced on June 29 that the Union Bank & Trust Co. of Los Angeles on June 28 honored three of its officers upon their completion of 25 years of service with the organization. On behalf of the bank, President Ben R. Meyer presented J. C. Lipman, Vice-President; Don R. Cameron, Senior Trust Officer, and Miss Margaret Morris, Assistant Trust Officer, with watches commemorating the event.

H. Lloyd Sutherland, a Vice-President of the Bank of America National Trust & Savings Association of San Francisco, died on June 26. Mr. Sutherland had been connected with the Bank of America for 20 years and had been Vice-President since 1935.